

*PROMOTING INNOVATION AND REFORM
IN NATIONAL-REGIONAL PLANNING*

THE CASE OF IRAN 1983-1993

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ABSTRACT:

This thesis is basically concerned with the status of the '*regional development processes*' under the system of '*medium-term national socio-economic development planning*'. The evaluation of the regional dimension of the sectoralised approach to elaboration of the national plan in a centralised system of planning is the core of the concern.

It represents both the explicit contribution of '*reflective practice*' and of a systematic survey of '*room for manoeuvre*' experienced by a professional planner working in a planning agency - the Plan and Budget Organisation of the Islamic Republic of Iran - at the national level in the field of regional planning.

The thesis provides the reader with an original exposure detailed mechanism of '*doing planning*' '*from the inside of planning process*', discusses the normative and positive ingredients of planning practice - theoretical, technical, procedural, instrumental, and organisational - and examines the following hypotheses:

- the conventional approach of elaboration of the national plan neglects the regional dimension and spatial analysis of its choices;
- the conventional system of planning prevents both implementation of the deliberate regional policies and incorporation of the results of the independent regional development studies into the national planning process;

This dissertation introduces the planning system in Iran, reviews ten efforts at medium-term socio-economic development plans, analyses the regional policies of these plans, and classifies various schools of thought in Iranian regional planning.

It concludes that the national planning process would have a haphazard and chaotic contribution in the processes of regional development. Finally recommends an alternative approach to elaboration of the national plan with more satisfactory consideration of both sectoral and regional development' criteria.

Finally the dissertation offers a proposal for a sectoral-regional approach of elaboration of a national plan, on the basis of empirical and theoretical analysis of the regional efficiencies of the Iranian national plans and planning procedure.

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Writing a dissertation in the subject matter such as 'National-Regional Planning' requires attaining empirical knowledge in a professional planning agency, then evaluating and articulating this knowledge in an experienced and valid academic unit.

I had the advantage of working in a planning agency with more than half a century experience such as the *Plan and Budget Organisation* of the Islamic Republic of Iran and writing the dissertation in a distinguished academic unit such as *Development Planning Unit* with international reputation in consolidation between theory and practice. Here I would like to thank the directors and staffs of both agencies: *Mr Roghani Zanjani* and *Mirzadeh* and their colleagues in PBO in particular all regional planners in Teheran and provinces, and Professor *Patrick Wakely* from DPU and all who have always provided appropriate means and conditions which this dissertation have required to be written.

Such dissertation should have be written under supervision of a person with both theoretical knowledge and close observation of empirical procedures. I benefited from being under supervision of a man who proved his ability to guide a student with wide range experience and organised his fragmented empirical knowledge to a scientific order by incredible patience and kindness. I am indebted to *Michael Safier* for his incredible patient and kindness.

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INTRODUCTION:

1-INTRODUCTION:

1-1:Theme:

This thesis presents the results of research based on the experience of a planner during a decade and a half of practice, and on analysis of major factors which influenced an attempt to bring about major innovation and reform in a planning system, an attempt in which the planner was intimately involved.

The research reported here represents both the explicit contribution of 'reflective practice', and of a systematic survey of 'room for manoeuvre' experienced by a professional planner working in a planning agency at national level in the field of regional development.

The planning system and the agency that form the focus of this investigation are *the National Planning System* and *the Plan and Budget Organisation of the Islamic Republic of Iran* during the period 1948 to present, more especially the fifteen years between 1981 and 1996. The particular focus of attention in this work is the attempt at innovation and reform, especially repeated efforts to bring about a more appropriate and effective relation among macro, sectoral, and regional planning processes.

The core of the work is the investigation of the attempt to bring about a more satisfactory ''*regionalisation of the national plan process*'' through adoption of the methodology and process of ''*Amayesh e Sarzamin*''.

The thesis presents an original exposition of the internal mechanics of '*doing planning*', concentrating on the specific fundamental issue faced by the system under consideration: why and how to proceed with the '*regionalisation of national planning*'. The thesis documents a unique instance of planning reform efforts through drawing on a detailed examination of experience accumulated by a professional 'participant observer'. This experience and its attendant analyses cover a range of crucial factors in explaining the normative and positive ingredients of planning practice - theoretical, technical, procedural, instrumental and organisational. It is argued that without such

a accumulation appraisal of planning system dynamics '*from the inside*', a crucial component of understanding the planning system and its performance will remain hidden or at best implicit in other accounts.

1-2: Questions and Assumptions:

This dissertation is mainly concerned with the regional aspects and spatial dimensions of national socio-economic development planning, particularly the contribution of the centralised sectoral-based system of national planning to the trends of regional development processes.

The substantive content of this dissertation is structured on the basis of four significant assumptions:

1) that investing through the national plan has determinant effects on the processes of regional development, particularly when regional decisions have not been provided with a defined position in the overall system of decision-making, and where private sector' locational decisions follow public sector' locational choices. In particular the mechanism of geographical distribution of sectorally allocated resources of the national plan is the main source for these effects and would determine the relationship between national economic planning and regional changes. In other words the pattern of geographical distribution of sectoral investments or distribution of socio-economic activities will consequently influence the pattern of population movements, which will eventually affect the system of settlement and population centres, and all these will bring about a series of regional changes;

2) that any region possesses a certain and limited amount of 'Local Factors for Development', such as land, water and natural resources, man power, and manmade potentials. Any investment by any sector in a region will consume these factors and will affect possible opportunities of development in those regions;

3) that the geographical distribution of the resources of a national plan, will reciprocally, effect the economic Incremental Capital Out-put Ratio and will eventually

influence economic growth. In other words a too high level of geographical concentration of investment in limited areas would intensify the problems derived from congestion while excessive dispersal of development projects may restrict the economies of scale. Mislocation of development projects would decrease the efficiency of the initial policies. Hence the spatial pattern for regional distribution of resources is not only crucial for a more harmonised regional development but it also has a significant impact on the outcome and dynamism of national economic growth;

4)that consideration of the regional dimension of national socio-economic policies means management of the spatial organisation of development. This involves application of regional analyses such as: external economy, inter-regional division of labour and regional comparative advantages, development centres and centre-periphery relations, decentralisation, regional balances, etc. The reality is that if the procedure of preparation of the national plan has been limited to the macro-economic approach of planning, and if a national plan has been elaborated through the sectoral approaches, then the following questions arise regarding the regional efficiencies of the national plan:

I)how are the regional dimensions and spatial aspects of the sectoral decisions to be accommodated?

II)how does the horizontal co-ordination at the regional level take place for harmonising the vertical system of sectoral decisions?

III) how can the centralised and sectoral-based planning system accept and digest deliberate and independent regional policies?

The research reported here will analyse a case study concerning a national planning system with the above characteristics:

- It will explain how the system pays considerable attention to optimum allocation of financial resources by use of sophisticated models and with considerable attempts at increasing the rationality of the results. In contrast, the utilisation of non-financial resources, particularly 'Local Factors of Development' have always been a subject of

relative ignorance.

-It will discuss how the planning system carefully determines sectoral changes before the implementation of the plan such as: the rate of sectoral growth, the amount of investment in each sector, the job creation in each sector. Regional changes could be understood only after the implementation of the plan because the system had no mechanism to control and manage regional changes. The major question of the research has been:

-does the system of national planning properly accommodate the processes of regional changes and inter-regional balances similar to the extent sectoral changes and inter-sectoral balances are accommodated?

The research aimed to assess three following hypothetical answers in relation to the above questions:

I) A conventional system of macroeconomic-based and sectoral-oriented development planning is unable to forecast, to control, and to accommodate regional changes stipulated for the effective implementation of a national plan towards purposeful and aware regional development processes.

II) Such a system of planning would prevent implementation of deliberate regional policies.

III) In absence of a stage of 'regionalisation' the results of national economic plans will tend to go towards a haphazard and chaotic contribution to regional development. The research will be devoted to assessing the above mentioned questions, partly by analyses of the causes of these problems, and partly by discussing the consequences of these problems both on national and regional development processes.

This dissertation will try to analyse the degree of intellectual knowledge of a group of central planners and decision-makers regarding the regional dimension and spatial aspects of national socio-economic development policies. The conceptual basis of this

research is that of the belief in the contribution of not a single cause but the cumulative causes which might have created these problems. A comprehensive analysis will be done of relevant contexts of practice: the theoretical, technical, legislative, procedural, and organisational forms of the national planning system.

1-3:The Iranian Case:

Iran, among the developing countries, has had considerable experience in various types of development planning for almost half a century:

-National, Socio-Economic, Medium-term, Development Plans: since 1948 almost 10 plans have been prepared, six of which have been implemented, and at the moment the second post-revolutionary plan is under implementation;

-Urban Physical Development Planning: with more than 50 years experience in which about 400 master plans and guide plans have been designed;

-National Spatial Long-term Strategy Plan: with almost 20 years of activities that include the preparation of the two spatial plans and

-Regional Development Plans: with more than 45 years background in which several regional development plans have been proposed so far.

A wide range of serious debates have been witnessed concerning the selection and adoption of development strategy under different ideological foundations before and after the revolution. At the national level, for instance, from "import substitution" to "export-oriented" policy; from "self-sufficiency" to "integration in international economy"; or from the "Nationalisation" to "privatisation" and the like. At the regional level, also from "development poles and axes" to "regional equilibrium", from "rapid urbanisation" to "return to the rural areas" etc.

Iran in the past 50 years has had a collection of historical events such as "Nationalisation Movement, 1950", "Multi-dimensional Reform - so-called White Revolution - 1963", "Economic Boom following the upsurge of the oil prices - 1974", "Multi-dimensional Islamic Revolution - 1978", "Civil-War - 1979", "intense War - 1980 to 1988". Each of these events indicated a vast change in the cultural, political,

economic and environmental structures. These events have happened in a country with some exceptional characteristics:

-Historically, Iran is a society with one of the oldest civilisations, with nearly 70 centuries' history and also with one of the longest-standing established governments with a 25 centuries background ;

-geographically, Iran is a land located in a historically important inter-continental junction which has always been famous since the Silk Road. A land with numerous natural endowments among which its oil and energy deposits have no need to be mentioned;

-ideologically, Iran had been the birth place of Zardosht as an ancient religion and is the centre of the Shi'i Muslims.

These characteristics help to explain why the above mentioned events have not disrupted trends of social progress and hardly disturbed the unity and identity of the nation. A peculiarity of recent Iranian society has been the continuous efforts for planning in the country, regardless of its ideological, political, and economic circumstances, whether under the Shah regime or under an Islamic state, and whether during peace or in times of war.

1-4:National Regional Planning:

A significant question indirectly raised here is, have planning efforts been effective and successful? Undoubtedly this question can only be answered according to the definition of successful planning: this definition would be different from various points of view and for different groups of planners. So far Iranian planning performances have attracted the attention of various analysts and numerous analytical reviews have been published. These evaluations have mostly been concentrated on the economic aspects and judged by the criteria of macro-economic and sectoral planning; the regional aspects of this performance have been less discussed. A 'regionalist' would evaluate national planning performances on the basis of some or all of the following criteria for a definition of an acceptable system of national-regional planning:

- national and regional development ties - the spatial dimension and regional aspects of development policies; an efficient system of national planning would be able to

ensure an acceptable degree of conformity between national-sectoral development decisions and regional development priorities;

- *regional equilibrium*; the system would be able to ensure a more reasonable regional balance through an appropriate geographical distribution of investment resources, providing the regions with a more reasonable level of life standards and job opportunities;

- *productivity of regional resources and utilisation of regional development potentialities*; , an efficient system of planning would ensure a reasonable utilisation of the regional resources and development potentialities of various regions of the country and to prevent their marginalisation when decisions are to be made at the national level;

- *economic integration and national unity*; the system of planning should promote an improved integration of regional economies towards a desirable level of inter-regional economic interactions;

- *decentralisation and active participation of regional planners*; a rational planning system would provide regional planners with appropriate opportunities for active participation and effective contribution in the process of making strategic decisions in the context of socio-economic development issues;

- *the protection of natural resources and preservation of the environment*; the preservation of natural and environmental resources and potentialities for a sustainable socio-economic development would be ensured.

These criteria for regional efficiency of the national planning system, particularly in a centralised system of decision-making and sectoralised approach in allocating development resources, strongly depends on the method and mechanism of geographical distribution of investment resources. On the one hand the spatial organisation of the country illustrates actual results of national development planning efforts, especially its regional efficiency. On the other hand the procedure of preparation of a national development plan represents how regional aspects and spatial dimension of national-sectoral decisions have been considered. The latter is the main concern of this research and will be analysed in the following chapters.

1-5:National Regional Development:

The analysis of spatial organisation of the country requires enormous amounts of

information and could not be done under the current research. However the analysis of the existing national spatial organisation of Iran, according to observations by various analysts, indicates the inefficiency of the planning system in terms of managing regional development. They have presented a wide range of regional problems such as: regional inequality in terms of the life standards and job opportunities; regional imbalances in terms of over-congested centres and declining peripheries, remote areas and hinter lands; under-utilisation of the regional potentialities and resources; the environmental problems and excessive utilisation of natural resources; weak inter-regional linkages in terms of economic function, and the like. These characteristics of regional development status can be supported by ample evidence which has been presented by Regional Planning studies in Iran. Among these problems the case of the regional imbalances will be referred to as an example of the above mentioned regional problems:

Regional imbalances have been a chronic problem in Iran. According to the World Bank publication in 1975, the regional disparity in Iran was among the most extreme in the Third World, indeed, second only to Brazil(). In 1990 the Regional Planning Bureau of the Plan and Budget Organisation of Iran carried out a comparative analysis on the status of the development of the various regions by testing 28 indicators for Central, Western, Northern, Eastern, and Southern territories of the country. The extent of the regional imbalances are described by the table 1 which has been prepared for some significant indicators.

It is necessary to explain that these figures were calculated with respect to the density of population of each territory and using relevant coefficients. However the table illustrates the gap between regions and in favour of the central territory. In addition the distribution of population also indicates significant imbalances; about 80% of the population dwells in approximately 50% of the total areas of the country which comprises the 20 provinces of the West, Central, and South-west territories, while the 20% remainder lives in the five provinces of the East and South-east territories. One may argue for a climate factor, but it is interesting to note that more than 70% of mineral deposits and natural resources are located in the less populated part of the country.

<u>Name of the indicators</u>	<i>C</i>	<i>W</i>	<i>N</i>	<i>E</i>	<i>S</i>
Industrial facilities	1.76	0.52	0.71	1.3	0.76
Electricity per capita	1.48	0.81	0.70	0.7	0.8
Roads	1.4	2	0.52	2.5	0.72
Hospital beds	1.4	0.7	0.86	0.79	0.77
Undergraduate students	1.9	0.4	0.74	0.2	0.8

Source : Summarised with some adoption from ' The Review of the National Spatial Structure - a comparative study' , Regional Planning Bureau, Plan and Budget Organisation, Teheran, 1990.

Table 1

One may presume that these regional problems have emanated from the lack of regional concerns of national development plans. In contrast there has been a wide range of regional policies within the official national planning documents since the inception of the national planning in Iran. In addition several independent regional plans have been proposed based on different regional development studies in different times. More interestingly four nation-wide regional planning movements, before and after the revolution, had attempted to change the sectoral-based nature of the planning system.

1-6:Amayesh e Sarzamin:

The failure of long standing regionalist struggles to achieve an acceptable voice in a sectoralist system of national planning, is one of the major concerns of this dissertation. This research has been inspired from the body of knowledge which has been constituted from each of these regionalist schools of thought which, among them, the concept of *Amayesh-e-Sarzamin* has had a greater contribution in the author's inspirations. Although this concept will frequently be explained in various part of this dissertation it is necessary to explain it briefly.

In Iran the body of knowledge in the sphere of regional planning has been influenced by the concept of Amayesh-e-Sarzamin since the early 1970s. This concept, which has been translated by some authors as a type of spatial planning

was first introduced by Scetiran the French engineering consultant in the early 1970s. Not surprisingly some similarity would be found between this concept and the French concept of the *Amenagme du' Territoire* in particular as both have basically been involved with the spatial projection of the economy and society as a whole.

The term 'Amayesh' in persian means placing one thing in its right location , the word 'e' is the persian equivalent to the word 'of' in English and 'Sarzamin' means the territory and in wider sense the country. The Regional Planning Bureau of Plan and Budget Organisation has defined it as:

Monitoring the relationships between the *human being* and his activities in space

thus it tends to deal with the issue of development comprehensively. In terms of planning this comprehensivity comprises the economic, social, and physical disciplines of planning. The operational objective of this concept is to provide development planning with a long-term perspective which illustrates the future spatial organisation of socio-economic development of the country . According to this definition this document can play a complementary role to the conventional macro-economic plan and would be applied to a geographical distribution of economic activities, thus it is a main reference framework for 'regionalisation of the national plan'.

Scetiran prepared the first long-term Amayesh plan under the title of: *the National Spatial Strategy Plan* and the results of the plan were used in the Sixth National Plan, providing a traditional macro-economic and sectoral-based plan with provincial chapters. The Sixth Plan for the first and the last time presented the regional perspective of the plan through a provincial break down of the national plan's resources.

1-7: A Practicious Experience and Perspective:

After the revolution the concept of Amayesh was represented by a group of regionalists (which included the author of this dissertation). He developed the

concept during his decade of active participation in major planning events as the General Director of the Regional Planning Bureau (RPB) of the Plan and Budget Organisation (PBO). Particularly when he was appointed to restore the RPB after its closing at the beginning of the first post-revolutionary national plan, he announced that the bureau would be organised on the basis of the requirements of preparation of a new long-term Amayesh Plan. He argued that the plan would provide an alternative and informed view of the future of regions, thus is a necessary instrument for guiding co-ordinated and well-integrated regional development processes.

He joined the PBO in 1981 and started by review and analysing the pre-revolutionary planning heritage with special focus on regional aspects of national plans as well as a review of the pre-revolutionary independent regional studies. In 1982 he was appointed as a senior co-ordinator of the southern provinces operations for preparation of the first post-revolutionary national development plan . In 1983 he was appointed for restoration of the Bureau of Regional Planning and consequently, Provincial Amayesh Groups were established in all 24 provinces of the country. In 1984 the first draft of the Amayesh Basic Plan was approved in the Council of Ministers for critical analyses by all relevant government agencies, and in 1985 the revised version was published and authorised by the Supreme Council of Economy's Amayesh Bill. In 1986 a second stage of the Amayesh was started for elaboration of a basic plan for preparation of Provincial Amayesh Plans. In 1988 the operations of the second stage were halted due to joining provincial planners with sectoral planners to prepare a post-war medium-term socio-economic national development plan. The First Plan failed either to take advantage from the results of central and provincial studies for regional development or to ensure a fruitful participation of provincial planners in planning operations.

In 1991 at the inception of the Second Plan's preparatory operations the author continued the attempt at ensuring more reasonable participation of regional planners as well as application of results of regional studies in the Second Plan. During 1992 regional planners devoted enormous efforts in order to prepare provincial proposals for the Second Plan. At the end of the first stage he felt that

the planning system, despite the positive attitude of central planning officials, would not incorporate regional results. Therefore he resigned in December 1992 to concentrate on his own studies concerning the causes behind the failure of the regionalist efforts for participation in the national planning process. During his responsibility in RPB the author took advantage of participation in major planning decisions after the revolution such as:

- participation in three operations of preparation of a national medium-term socio-economic plan;
- participation in operations for preparation of the long-term national spatial development plan;
- participation in nation-wide operations for the formulation of the Conceptual Frameworks for Provincial Development ;
- participation in the Supreme Council for Urban Development sessions for approval of the urban Master Plans;

He accepted various responsibilities in these activities such as becoming:

- the chief co-ordinator of the Amayesh technical and executive committees;
- a member of the National Planning Headquarters;
- a member of the technical committee of the Supreme Council for Urban development and Physical Planning;
- a member of the Central Committee for Rural Development Planning.

Beside these responsibilities he published a number of articles and books with contributions from his colleagues at the central bureau and held several nation-wide seminars on national spatial planning and regional development apart from annual conferences in regional planning and studies.

This dissertation is built on, and takes advantage of a wide range of participatory observation in national and regional planning operations, in-depth interviews, direct accessibility to original documents, and countless pages of a technical diary covering the past 15 years.

1-8:Structure of the dissertation:

The dissertation has been organised in three major parts:

Part One: comprises the conceptual framework and explains the main assumptions, major questions, and basic hypotheses of the research. This part has more explanatory nature and is consists of the following chapters:

Chapter One is devoted to a review of literature concerning the relationships between national planning and regional development planning processes. The role of national planning in general, and the situation of regional development processes under the dominance of the market mechanism will be briefly discussed. After consideration of the nature and character of national planning the situation of regional development within the conventional system of national planning will be reviewed. The particular subject matter of 'regionalisation of the national plan' has been selected as a crucial topic in promoting the relation between national and regional development: the French experience in this context will be reviewed as a case example of the literature on relevant experience.

Chapter Two is devoted to an explanation of the hypotheses of the research. The main question of the research is discussed in terms of the conceptual framework which underlies three hypotheses focusing the investigation. An explanation of the methodology of research takes up the remainder of this chapter.

Part Two: embraces the chapters which provide the reader with a general knowledge about the subject matters and the concerns of the research and has more a descriptive nature. The chapters of this parts are as follows:

Chapter Three presents information about the physical situation of Iran, its main socio-economic characteristics, and the role and responsibilities of the

government according to the Constitution, in the context of socio-economic development and planning . The main planning flows in the system of national planning and the major planning agency of the government - the Plan and Budget Organisation - are presented.

Chapter Four is devoted to a short review of national plans, their contents and their technical and organisational changes through the last 50 years. First the overall history of planning will be reviewed and then the main characteristics of each plan will be briefly explained. This chapter is divided into two parts for explanation of development plans before and after the revolution.

Chapter Five: provides a review of regional planning efforts in the country. In particular the history of the struggle for Amayesh e Sarzamin as an alternative regional/spatial-based approach to preparation of the national and regional plan will be presented and explained.

Part Three: is devoted to those chapter which are concerned with the hypotheses of research and has a more analytical nature. This part is consists of the following chapters:

Chapter Six: is devoted to a review of regional policies in the national plans. This chapter provides an explanation of the origin and nature of regional policies, their consistencies and changes. The conformity between these policies and the existing planning system are discussed. The survey reveals regional policies which have never been based on a clear and firm conceptual framework for planning regional development, and explains how constraints and shortcomings in the conventional planning system did not allow a successful implementation of these policies .

Chapter Seven, perhaps embraces a range of arguments, analyses, and interpretations supporting the hypotheses of the research. The main focus of this chapter is on an explanatory analysis of the mechanism of geographical

distribution of sectoral approaches elaborated in the national plan. The stages of preparation of the national plan; the planning apparatus, and the circulation of planning activities will be explained, and the two main stages of formulation of the macro-economic plan and its elaboration towards preparation of sectoral plans will be scrutinised as the origin of most of the regional problems. In the second part the main elements for emergence of this situation will be analysed: the Law of planning, the theory of economic growth, the nature of econometric models, the planning apparatus, and the procedure of preparation of the national plan.

Chapter Eight, is related to case studies which support what has been concluded in chapter seven. In the first section four attempts at regionalisation of national plans in Iranian planning experience will be analysed to show how these attempts have failed to change the tradition of planning for reasons which have been first introduced in chapter five. The second section is devoted to an explanatory review of some independent regional planning efforts which support the hypothesis which claims that a conventional system of national planning prevents the implementation of deliberate or pre-determined regional development policies. The very weak incorporation of regional plans into the final document of the national plan will be discussed. In addition the lack of theoretical unanimity among regional planners will be explicitly revealed as one important cause of the backwardness of regional planning, in comparison to the unified theoretical bases of sectoral planners.

Chapter Nine the final chapter which embraces the conclusion and recommendations. The former will contain a recapitulation of the various problems causes and consequences brought to light in the research. In the closing part recommendations for mitigating the problems and for modification of national planning system towards better regional efficiency will be discussed.

CHAPTER ONE:

The Review of the Literature

- the issue of free market versus central planning*
- the issue of the market mechanism and regional development*
- the issue of central planning versus regional development*
- the issue of regionalisation of the national plan*
- the case example of the french regionalisation of the national plan*
- the choice of the type of the regionalisation of the national plan*

CHAPTER ONE:

THE REVIEW OF THE LITERATURE:

INTRODUCTION :

This chapter is devoted to a review of literature concerned, in general, with the situation of regional development either under the dominance of the market mechanism or under the central planning and in particular, with the regionalisation of a national plan. The main aim of this chapter is to provide the various parts of this dissertation with some theoretical and empirical evidence in relation to this research. Thus, this chapter is divided into the following issues:

- 1-the issues of market versus central planning;
- 2-the market and regional development;
- 3-the national planning and regional development;
- 4-the regionalisation of the national plan; and
- 5-the case example of French regionalisation.

The Significance of the Subject of Regionalisation of a National Plan

Regarding the subject matter of this research - the relationship between national planning and regional development - a wide range of topics would have been available from which to select for the literature review. The main reason for choosing the above subject is the significance of regional consequences of a macro-economic based and sectoral-oriented national development plan. Undoubtedly the geographical distribution of the sectorally allocated resources of a national macro-economic plan is a determining factor in relation between national planning efforts and regional development processes. This is particularly more crucial when centralism in the process of decision making comes together with sectoralism in the system of preparation of a national plan. Undoubtedly each has equal possibilities for neglecting the necessary criteria for a rational and sustainable development of the various regions of a country. The line of reasoning is clear:

-on the one hand high level of concentration of investment in limited areas would increase regional imbalances and would intensify the problems derived from over-congestion.

-on the other hand the excessive dispersal of development projects may restrict the economies of scale. Hence the spatial pattern for regional distribution of the resources not only is crucial for a more harmonised and balanced regional development but it also has a significant impact on the outcome and dynamism of national economic growth. This aspect of the national-regional planning ties has been recognised by some authors as a core of the regional theory:

"Regional theory within nation states mainly concerns the explanation of the mechanism of spatial distribution of resources in a single currency with a single central government, a homogeneous capital market and institutions, a national system of company law and taxation, and a labour force at least nominally united in terms of language."¹

Moreover it is also essential for fulfilment of a wide range of planning objectives such as:

- to meet the specified targets for sectoral development and national economic growth;
- to promote a sound and sustainable regional development;
- to secure a balanced and harmonised inter-regional development;
- to use financial and physical resources with a higher level of productivity.

These objectives either independently or combined have a principal effect on proceeding towards an even, balanced and sustainable regional development with its essential importance for national socio-economic prosperities. Holland (1976) stated that:

"uneven development between regions is essential to the dynamic growth of a capitalist system, and that attempt to secure greater regional equality through government redistribution policies reduces the over-all level of income to be distributed"

The subject of regional allocation of resources as an important and complementary aspect of the national-regional ties in planning has attracted the attention of some scholars such as *Lefebvre*², *Stevens*³, *Cherney*⁴. For example, *Louis Lefebvre* - who has been among the first to apply programming methods to the analysis of interregional spatial equilibrium - has pointed out:

"Efficiency of regional resource allocation is crucial for increasing the capacity for investment and economic growth,..., regional distribution of resources is an important aspects of over-all efficiency in allocation"⁵

However from this very early quotation some origins of the theoretical debates could be observed. For instance the differences between "regional allocation of resources" and "regional distribution of nationally allocated resources", should be discussed. It seems at the first glance that the former is more concerned with regional planning, while the latter is more concerned with regionalisation of the national plan. Therefore in the forthcoming pages the distinction between "regional allocation or distribution of resource", "decentralisation of the process of preparation of a national plan", and "Regionalisation of a national plan" will be explained, particularly the reasons for selection of the last one as the central concern of this chapter.

In general many theories and models are available concerning the regional development and planning, but there are limited and mostly fragmented discussions about promoting regional development within the centralised system of national planning through the regionalisation of the national plan for better allocation of the investment resources among the regions. Moreover, the existing literature is mostly concerned with the justification of importance as well as describing the necessity of the subject, but the procedural and methodological dimensions of the regional allocation of resources have been less discussed. Also a vast range of technical works have been done for analysing the interregional economic dependencies or rationalising of the process of selection of location. The present generation of regional planners are aware how the non-spatial models based on *Lentief's input-output models*⁶ and *Walter Isard's*

*spatial models*⁷ have contributed by analyses of interregional relationships and by optimising the location of space economy. But the regionalisation of a national plan is not confined to theoretical and technical problems; the procedural and organisational problems are also important. Therefore for understanding the procedural and organisational aspects of "*regionalisation of a national plan*" it is necessary to review the subject matter in that material which is concerned with explanation of the empirical and professional attainments of the national and regional planners. Therefore the review is divided into the theoretical and the empirical debates. Furthermore, the theoretical debate will be organised in the three following issues:

- the issue of market and planning;
- the issue of market and regional development;
- the issues of national planning and regional development.

The empirical debate includes an overview of the experience of different countries and will focus on the French experience as a case example.

1: The Issue of Free Market Versus Central Planning:

The conceptual framework and behavioural assumptions of what has come to be known as traditional economics - the classical, Western neo-classical, neo-Keynesian economies - have been based on the notion of "*perfect competition*" that assumes all prices, wages, interest rates, and the like are determined by the free play of the forces of supply and demand⁸.

"In essence all individuals are assumed to behave as if they were rational utility maximisers"⁹.

Adam Smith's famous phrase of the "invisible hand" of capitalism clearly describes the fundamental assumption for self-control mechanism of the economic system. Thus the problems such as "state intervention" and in particular "central planning", which have always been the subject of doubts and disputes, have never been

completely accepted by traditional economists.

Essentially the role of government in traditional economics has been much more limited than socialist-inclined economics. In classical economics was conceived in terms of maintaining law and order, collecting taxes and gradually providing a minimum of social services. With the Keynesian revolution, the economic role of government was greatly expanded and it seen essential to the creation of a general environment in which individuals can exercise their freedom¹⁰.

Historically after the Second World War Western world Governments were anxious to avoid a return to the high levels of unemployment and poverty experienced in the pre-war period. In general at that time market failure was seen as the cause of the 1930s economic crisis. This would involve various measures such as planning, nationalisation, the restriction of monopoly power, control on prices, the macro-economic management of the economy, and provision of a welfare state as a new responsibility of government for correcting and counteracting the market failings. But this new spirit of intervention deeply troubled a group of the economists and social scientists who saw it leading to the erosion of freedom for individuals to make their own economic choices. In fact it was the birth of post-war libertarianism which was associated with the formation of the "*Austrian school*" which was famous for: advocating the free-market; the importance of individuals choice as the basis for rational economic calculation. Among them two intellectual descendants of the nineteenth-century Austrian school Ludwig von Mises and Friedrich Von Hayek" emphasised the non intervention - *Laissez-fair* the economic doctrine of liberalism: let things continue without interference [Sloman, 1994] - and minimal state since the 1930s.

"The case for non intervention or very limited intervention is not that the market is the perfect means of achieving given social goals, but rather that the problems created by intervention are greater than the problem overcome by that intervention"¹¹.

Therefore they argue that the problems of the free market, because of its automatic adjustment, are relatively minor than compared to the government problems because the government is unable to fix the prices due to poor information and its inefficient bureaucracy.¹²

"Hayek therefore proposes to limit the power of governments, suggesting that the market alone is an appropriate mechanism for registering consumer choice."¹³

In addition the public planning and state intervention has been criticised for;

-theoretical argument;its interfere with the accepted axioms of economies and natural functioning of the market mechanism and leading to inefficiency in the use of scarce resources by general distortion of the market;

-social argument;its restriction to individual freedom of determination of choice for action;

-political argument;its undemocratic nature imposing the idea of a minority of individuals in the state on the majority of who neither want nor need such intervention;

-behavioural argument;its inflexible nature, imposing order on individuals and groups of individuals where previously no such order existed or was merited¹⁴..

Should the central planning be entirely abandoned? how it could be dismantled? One may conclude that central planning would not exist in the first decade of the 21st century, but there are several problems which could suggest its prolongation but only after adequate revisions and modifications. These questions will be discussed at the end of the third discussion of this chapter, but it seems necessary to note that:

Firstly, in general the traditional economic theories have limited relevance for the economic behaviour and processes of the developing countries as it is well described by Gunner Myrdal:

"Economic theorists, more than any other social scientists, have long been disposed to arrive at general propositions and then postulate

them as valid for every time, place, and culture. There is a tendency in contemporary economic theory to follow this path to the extreme when theories and concepts designed to fit the special conditions of the Western world - and thus containing the implicit assumptions about social reality by which this fitting was accomplished - are used in the study of under-developed countries, where they do not fit, the consequences are serious."¹⁵

Secondly, the imperfection of structure and operation of markets in developing countries have generally been accepted by various analysts and its described as "distorted prices", "poor reflection of the real cost of goods and services to the society", and it would lead to "mislocation of present and future resources"¹⁶.

Thirdly, the necessity of government intervention for integrating the market and modifying the prices - particularly in developing countries - and for control of geographical distribution of resources towards more regional balances, in particular inter-regional planning, has been accepted by many analysts. John Glason has classified the arguments for state intervention in terms of regional problems as follows:

- economic argument; dealing with the inflation caused by regional imbalances and providing the government with more flexibility required for deflationary controls;**
- social argument; promoting social equality and curbing the increasing gap between rich and poor regions;**
- political argument; preventing those problems which would increase regional dissatisfaction and may cost more votes against the government.**¹⁷

Also according to Hebbert and Machin:

" under conditions of economic growth, government could maintain reasonably generous redistributive policies across national territory to mitigate disruptive effects of rapid economic changes." ¹⁸

Finally, the market vision, even if it were appreciated in terms of economic growth,

its validity for regional development has been strongly under doubt. To make it more clear it is necessary to evaluate the ability of the market mechanism to bring a balanced and rational regional development process.

However in practice, the 1960s and 1970s have been recognised as a period of increased public sector activity in the pursuit of more equitable development through centralised planning. Despite the relative success of the Soviet Union in demonstrating the power of centralised planning, the appearance of new problems together with the failure of solving the previous problems caused widespread rejection of central planning. According to Todaro (1985):

"In view of the record of the past two decades, most development economists would now probably agreed that their early and almost mystical belief in the efficiency and benefits of central planning has not been validated by Third World experience."

In addition the evaluation of the more than two decades experience of central planning in 55 developing countries by Albert Waterson shows disappointing results:

"An examination of post-war planning history reveals that there have been many more failure than successes in implementation of development plans. By far the great majority of countries have failed to realise even modest income and output targets in their plans except for short periods. What is even more disturbing, the situation seems to be worsening instead of improving as countries continue to plan." ¹⁹

Also:

"In a similar vein, Derek Healy in a review article on development policy over the post war decades concluded that the results of planned development have been sadly disillusioning for those who believed that planning was the only way."²⁰.

Therefore, as it stated by Todaro (1985), the 1980s witnessed "the re-emergence of free market economics" in practice In fact the emergence of the New Right in the

early 1960s and its growing political force since 1980s onward - whether in the form of the Neo-Liberal or Neo-Conservative states - has been the main factor behind this change.

Essentially various schools of neo-liberalism have always held a similar position about minimising the role of the government. However on the basis of this assumption three notions have resulted as the foundation of the neo-liberalism:

"freedom/liberty, a limited or minimal state; and the free market." ²¹.

The result of such a vision has brought about the primacy of market mechanism over government intervention and central planning:

" the free market and therefore the capitalism, offer the best system for guaranteeing freedom because it is based upon individual choice, allow individuals to pursue their own self-interest and provides a mechanism for co-ordinating the needs of millions of free, self interested individuals who make up society. If the state interferes in the co-ordinating mechanism it risks not only encroaching upon individual freedom but also undermining society's key means of production and growth." ²²

In this vision of the economic system the responsibility of government, as stated earlier, has been recommended as:

"the task of state is seen as essential to the creation of a general environment in which individuals can exercise their freedom via the rule of law"

Thus the western economists and finance officials of the market-oriented states in developing countries have always placed emphasis on increasing the use of market mechanism as a key instrument for promoting greater efficiency and more rapid economic growth. Particularly after the end of the so-called Cold-War era and the collapse of the Soviet Union, and also the "success stories" of South-east Asia, not only previously socialist-inclined states but more significantly socialist countries have adapted some aspects of liberalising their economy through the Western style

market-oriented economic system. In short *"Free Marketisation"* has been a major tendency of the 1990s among both the Second and the Third World countries. Todaro (1985, p.496) has humorously explained this trend as follows:

" Several Third World countries had already instituted major economic reforms in the direction of the "free market" in the hope that the "invisible foot" would pervades a more powerful kick towards economic growth and development than the "visible hand" of central planning."

Perhaps in the future the 1990s will be marked as a crucial era for central planning. At the middle of this decade it seems there are more tendencies in developing countries to follow a market based economy rather than a planned economy. It seems that by the end of this century the former would have covered larger territories of the Earth than at present.

These tendencies have had two significant implications. First the government intervention in the circulation of the market function tended to be reduced, and secondly, as a consequence, the central planning became more doubtful. As a result the main emphasis has been given to the lubrication of the wheels of market mechanism through the decreasing role of the central planning as the procedure of a vast range of interventions of state. Even planning has negatively been seen by some analysts of these schools of thought as a political instrument to maintain the politician in power:

"Politicians and bureaucrats aim to increase their power and security by expanding programmes and buying votes to win elections." ²³

In mid 1990s, according to some analysts, planning and policy-making not only at the national level but at the regional and even at the urban level should not constrict the free function of the market:

" More direct criticism has centred on the planning system. It has been suggested that it should be largely dismantled in order that "the market" might operate unhindered." ²⁴

and:

" Local government has been generally criticised for interfering in the market. It has been suggested that it should greatly reduce its role as a service provider and become an enabler or facilitator." ²⁵

Finally:

"strictly speaking, any formal regional or urban policy would be anathema"²⁶

2-The Issue of the Market Mechanism and Regional Development:

There is also a considerable quantity of literature available for better understanding of the impact of the market mechanism on the process of the regional development. First it is necessary to review the conceptual assumptions concerning the regional dimension and spatial aspects of the function of the market mechanism in the traditional economies. With respect to the main objective of this chapter, the regional concern of the traditional economies will be analysed through focusing on the two subjects of: regional allocation of resources and the spatial distribution of economic activities.

Historically the early classical economic theory has paid attention to labour, capital and land as main factors of production Holland has commented (1976);.

"Classical economic theory was hardly concerned with regional problems, and neo-classical regional analysis chose to marry the economies of a perfect or idealised model of competition in a capitalist economy to idealised geographical models of the spatial distribution of activity"

In contrast this concern with regional problems has simplified the issue of spatial distribution of activity as is pointed out by Holland:

"For various reasons, classical economists were not much concerned with the regional distribution of activity. For one thing, it was assumed

that capital and labour would migrate to those areas in which they would earn the highest attainable profit or wage."²⁷.

The theoretical foundation of the neo-classical school which has contributed to the development debates is based on the following assumption:

"Consumers maximise utility and producers profit and the following the change both make the marginal adjustments in resource allocation until they have returned to a maximising equilibrium."²⁸

The main element in the chemistry of such a way of thinking could be found in the main assumption of a capitalist economic system:

" There is a basic harmony of interests among the individuals and groups who compromise the system. When interest diverge, it is assumed that they can be reconciled relatively easily through minor policy adjustment, and when the system moves out of equilibrium, it is assumed that automatic forces tend to restore it to the previous position. This vision of the economic system is strongly entrenched in economic theory. It is reflected in Adam Smith's benevolent hidden hands which reconcile self-interest with the general welfare; and in Alfred Marshal's theory of markets which expounds the calculus of an optimising self-adjusting economy"²⁹

This vision constituted a series of assumptions which have all been expressed through the different but more or less similar adjectives for an economic system under market mechanism such as; self-balancing, self-equilibrating, and self-adjusting. These basic concepts probably would have been generalised in the subject matter of regional dimension and spatial aspects of the economic system, though there are no sufficient explanations about the regional and spatial assumptions of the theory:

"Regions and space are a neglected but necessary dimension of the theory and the practice of economic development."³⁰

As will be discussed in the coming pages, in practice these assumptions have not led to an idealised pattern of spatial distribution of economic activities. Apart from under-developed and developing economies the developed economies faced a wide

range of regional imbalances. The main reason for these imbalances is that in such school of thought probably the problem of the location of a firm has excessively been simplified by assumptions such as the following:

"Capitalist theory of regional location assume that the private enterprise will follow a cost minimisation policy in choosing the location of new investment"³¹

and as mentioned earlier in this section:

"Capital and labour would migrate to those areas in which they would earn highest attainable profit or wage."

and:

"firms may choose to leave urban areas initially but, as they find costs rising elsewhere and falling within cities, they will move back".³²

In the next pages the validity of these assumption will be discussed and in the following sections of this chapter it will be revealed how the economists as architects of the national planning system on the basis of the self-adjusting assumption for market mechanism have gradually eliminated the regional and locational concerns of the national plan.

The Criticism of the Self Balanced Assumption:

There is a considerable amount of literature concerning the evaluation of the validity of equilibrium economics and here the critics of the regional aspects of these theories will be discussed. Many Regionalists have attempted to prove that the main assumptions of the economists concerning the self-balancing theory is unrealistic and wrong in terms of regional balances. Among them Holland has had a more comprehensive interpretation under the criticism of "the self-balance fiction" and the "myth of self-balance" . He explains the main assumption as follows:

"They maintain that if companies took work to where labour was most

available while labour also migrates to where work could be found, everything would balance out. In such a way disparities in profits, wages and employment would be merely fractional" ³³

There is an obvious problem in this assumption, if the first phrase were to be acceptable, the second one is doubtful. When labour migrates to where work could be found it means that the capital has already come there. Thus the second phrase is a repetition of the first one because if the labour had not been available the capital would have not come there. It seems it might have been said that:

If companies took work to where labour is most available more labour will migrate there.

Undoubtedly such a vision has implicitly accepted an intensified regional imbalance, while a less developed region expects less investment than a more developed region. Therefore "every thing would not balance out" and as is pointed by Holland a wide range of regional disparities would be expected:

"This vision of the take up thy bed and walk philosophy has become increasingly hard to reconcile with major and persistent disparities in the regional distribution of employment; related disparities in the rate of growth of regional product and productivity; regional differences in activity rates and the under-utilisation of the national labour force; congestion in areas of labour in-flow and involuntary unemployment in out-flow labour areas, plus the wide range of disparities in the provision and utilisation of social services in different regions"³⁴

Moreover, after analyses of various consequences of regional development under the free working of the market Holland concluded that:

"The free working of the market mechanism in a capitalist system does not overcome persistent regional disparities"³⁵

Further, he discussed the problem of employment by the consideration of the locational

mobility of the three main sectors - agriculture, manufacturing, and services - and the meso-micro linkage between leading and laggard firms in more developed regions and less developed regions and inferred that:

"The market mechanism cannot be relied upon to assure a smooth adjustment to regional full employment, either between or within these three main sector"³⁶.

McCorne (1969) also analysed the problem of regional balance in the condition of free working of the market through interpretation of the Location Theory and the concept of the Growth Poles. He examined the process of regional changes in the search for the self-adjusting mechanism and concluded that:

" No automatic mechanism for adjustment exists in the regional economy,..., Since there is no automatic adjustment this disequilibrium will tend to be persistent: it may even be in some degree cumulative."

Particularly, if the consequence of the free market mechanism is a gradual integration in international economy, the experience shows that at this stage also the regional imbalance would be more intensified. Martin (1993) argues about the prospect of regional balance in the integrated Single Market of Europe after analysis of regional convergence and divergence as follows:

"European economic integration, as argued by followers of the divergence school, will intensify rather than reduce regional imbalance within member state."³⁷

In general Europe, with the exception of its Eastern part, is an interesting case for evaluation of the regional results of the free working of the market. Many authors discussed the regional imbalance in European countries; Gudgin and Schofield explained the emergence of the North-South division in the U.K. in various sectors of economy and projected - on the basis of the results of the Cambridge multi-regional econometric model - that:

"What this amounts to is a continuation of the North-South divide

continuing the divergence evident over the 1980s but with more limited disparities in growth."³⁸

Similar analyses have been carried out in different European countries. France has been called a country with "*two economies*", due to the wide range of disparities between the Paris metropolitan area and the rest of the country. Liggins (1975,p.231) has mentioned to the phrase *French Desert* indicating the French regional imbalances, also the 'mirage of balanced regional development' and 'regional obsession' has been frequently discussed by the French regionalists.

There is much evidence to explain the uneven spatial development in European countries in terms of regional imbalance and disharmonised spatial organisation³⁹. The United States too has a similar problem in terms of inter-state imbalance.⁴⁰

In short, those countries which attribute their developed economy to an adequately liberalised market mechanism have shown that the relation between market mechanism and regional development has not been what it was assumed to be by the economists. This relation, however, should be more adequately discussed because of some paradoxical comments and ambiguity in the conceptual basis of this relation. On the one hand as stated by Todaro (1985) about the followers of the free market:

"They advocate that the increased use of the market mechanism as a key instrument for promoting greater efficiency and more rapid economic growth"

Therefore it has been assumed that there is a direct relation between market mechanism and economic growth. On the other hand as explained earlier the nature of market mechanism would intensify the regional imbalances and as has been discussed by many writers the regional imbalances have negative effects on the performance of the national economic growth as has been stated:

"The fact is that uneven regional development tends to import an inflationary bias to the national economy, and thus to limit the scope

and impact of macro-economic management"⁴¹

Therefore the question would be raised is: how could the relation among "market mechanism and economic growth", " market mechanism and regional imbalance", and "regional imbalance and hindered national productive efficiency" be justified? Perhaps in practice this conceptual ambiguity would become less blurred by a more reasonable distribution of investment resources as a determining factor in the pattern of distribution of population and economic activity, and eventually as the means for reducing the regional imbalances. Particularly when for a more even regional development, perhaps due to the existing imbalances, the investment resources would to be distributed on the basis of an uneven pattern.

"It is not possible to seek equity at any cost, the needs of a region naturally differ according to the climate, the nature of the land surface, the population, the activities, the degree of industrial development , etc." ⁴²

As it has been admitted by various authors the implication of regional balances is not to equalise growth rates in all regions or in all sectors of a region.

There is no doubt the regional distribution of the resources is essential for managing the relationships between the performance of the national economy and the trend of regional development, particularly under the dominance of market mechanism:

" It is imperative for governments in the mature capitalist economies to find means of harnessing the location of such firms if they wish to ensure any regional improvement in the conditions and prospects of their problem regions."⁴³

In short the experience has shown that the main characteristics of the spatial organisation of development under the market mechanism have been as follows:

- a massive concentration of capital and labour in the already few congested metropolitan areas of the country; and

- a large underdeveloped and deserted areas with a huge gap between urban and rural standards of life.⁴⁴

- In relation to territorially balanced development, the market is certainly inadequate in the context of contemporary economic structure: mobility of capital is to a few centres, not evenly distributed according to the pattern of population." ⁴⁵

Finally the application of the main theoretical assumptions of traditional economy concerning the regional problems in developing countries is extremely doubtful. Even if we assume that in a mature and developed economy firms are able to select their substance, size, and location, and the industrial relations are managed by the internal linkages within a developed economy, in an underdeveloped economy this is not true. It has not been easy to make acceptable decisions due to the weakness of the information system in above mentioned issues. Especially when in developing countries there is the problem of limitation of resources for investment. It is clear enough that, any important investment in any region influences the future utilisation of the regional resources - either natural or fiscal. Therefore relying on the self-balance mechanism for development of the problem regions, particularly in developing countries, is unwise. In other words even adoption of the market mechanism in such countries should be under the government's management, at least at the early stages.

It seems it is safe to conclude that the recent tendency among developing countries towards "**free marketisation**" should not be associated with neglecting the rational and sensible distribution of investment resources among regions of a given country.

3-The Issue of Central Planning Versus Regional Development:

This section could start with the question over the role of central planning regarding the regional development process. First it should be noted that central planning here means the conventional national medium-term socio-economic development planning. However despite its name it has concentrated more on the

growth of a nation's principal economic variables in order to achieve a predetermined set of development objectives. In fact its main intention is to co-ordinate economic decision making over the medium-term; it also has often been called macro-economic planning. This type of planning is mainly concerned with the government's deliberate utilisation of domestic saving and foreign finance to carry out public investment projects. Principally it focuses on maximisation of the efficiency of resource allocation through the methods of partial and general equilibrium analysis mainly as a tool to balance actual growth and supply potential⁴⁶. Hence an economic plan is simply a specific set of quantitative economic targets which often illustrated in several tables by figures, aim to achieve a certain level of Gross National Products. In recent decades the economists have been more concerned with conducting the process of national economic growth, through the measurement of the Gross National Products as the principle indicator of the economic growth:

" The Gross National Product is our principal measure of economic progress. It enable us to make producible quantitative statements about the same economy at different points in time and about different economies at the same point in time"⁴⁷.

Procedurally on the basis of the formalised macro-economic plan a detailed statement of national economic and social objectives should be formulated in form of a set of specific sectoral development investment projects. These should be determine the future performance of each sector on the basis of predetermined growth objective for that sector to achieve the overall objective for G.N.P.⁴⁸ However the significance of the G.N.P as a main criterion for controlling the process of national economic planning is undeniable. However the main problem in such a system of planning is not the setting up the quantitative macro-economic tables, it is indeed, the way in which the sectorally allocated resources would be elaborated in the form of the sectoral investment projects. These projects eventually would be distributed among the regions of a country where each region has its own development potentials and needs. There is no doubt that in such a system the condition of regional development could not be divorced from the function of the central planning. In other words the situation of regional development

under such a system of planning would strongly depend on the method of each sector in terms of geographic or spatial distribution of their allocated investment resources. This reality should effect the method of elaboration of sectoral plan and in particular the selection of the development projects:

" Investment projects must be chosen not solely on the basis of partial productivity analysis dictated by individual industrial capital/output ratio but also in the context of an overall development programme that takes account of external economies, indirect repercussions, and long-term objectives." ⁴⁹

Undoubtedly if an appropriate mechanism for spatial distribution of resources - in which the investment projects would have been co-ordinated centrally and internally they would have had sufficient consistency - did not exist the regional imbalances would be intensified. Moreover such a mechanism would not only ensure the more reasonable distribution of the resources among the regions, it also could provide an appropriate means for implementing deliberate regional development policies. In general the question is how can the sectoral-oriented system of national planning respond to some regional-based policies? For instance how could "the development pole policy" be implemented under the centralised sectoral system of national planning?

There is an extensive literature concerning the regional, spatial and locational theories. These include either those works related to the theories of location or those contain various regional or spatial development strategies. The former by itself has been classified into the two categories. Those which stem largely from the work of Weber which seek to explain the location of an individual firm in relation to its inputs suppliers areas and outputs demanders areas, and those originating mainly from the work of Christaller and Losch which seek to explain the geographical pattern of economic activities.

One may argue that the first category of locational theories would be regarded as the process of preparation of the sectoral plans. However while a regional development

policy requires a certain level of inter-sectoral co-ordination in a given region the problem of the mechanism for such co-ordination would always remain a major question.

Regarding the second category of regional theories here again the problem of their implementation is more blurred; they need a regional-sectoral system of elaboration of a macro-economic plan which is essentially and structurally different from the conventional sectoral-based system preparation of the national economic development plan. For understanding how in practice these theoretical problems are considered, it is necessary to discuss some empirical attempts through the review of government policies in various countries.

The Empirical Experience:

"Planning has become a way of life in government ministries, and every 5 years or so the latest development plan is paraded out with the greatest fanfare."⁵⁰

Conventionally, as it has been discussed above, national macro-economic planning uses a scientific procedure - relatively theorised and generally accepted - for managing inter-sectoral equilibrium during the process of economic growth. As will be discussed in the following chapters, this system has not enjoyed a scientific approach for managing the inter-regional balances through the normative procedure of preparation of the plan. Therefore what have been stated officially under the regional policy of a national plan are a wide range of individual efforts by individual governments to set off this shortage of the conventional national planning system. These efforts have formed a vast range of regional development policies such as: decentralisation; decongestion; concentration in development poles, centres, and axes and the like. The main characteristics of these policies are all directly or indirectly concerned with the control of the movement of the population and capital - investment projects in the form of economic activities - to a particular area or from the particular points for a more balanced and even development of the various parts of the country. The main question

is how would the conventional national planning system responded to these policies? Answering this question is not easy. It requires a numerous cases of detailed studies to understand whether these policies have been set up for serious implementation or as a recommendations for curbing some worries about the regional aspects of the economic growth. There are also some countries which have adopted a more comprehensive solution through additional stages for regionalisation of the national plan.

The methodology of dealing with regional problems by the central planning after the overall review of various cases can be classified as follows:

a) a set of separate regional policies within a sectoralised system of planning; this includes various independent policy recommendations for curbing contingent regional problems, often with some criteria for their implementations. In this category usually the sectoral agencies are the main decision-makers over the allocation of the development resources. This type, in general, would be easily found in the planning documents of most countries for dealing with problems such as consideration of regional aspects of sectoral decisions . Some examples of this type are as follows:

- to invest in the most efficient locations for economic activity;

- creation of extensive opportunities for the specialisation and integration of industrial growth in each region and the like.

b) a set of regional policies based on a national spatial strategy plan; this includes those countries which have introduced a general spatial development strategy plan for geographical distribution of the development resources with some criteria for its implementation such as:

- promoting the balanced and even development;

- rational utilisation of the natural and human resources of the country within a spatial

structure of the forces of production which serves the interest of population and the like.

The spatial strategy development plans often illustrate the spatial perspective of the socio-economic structure of a given country and contain major decisions in the context of regional development and spatial dimension of sectoral policies and often contain all major investment projects. This plan is usually derived from synthesising policies concerning structural principles for regional dimension and spatial aspects of national development objectives into a general doctrine; therefore it would be used as a reference framework for sectoral and regional co-ordinations.

This type could be found in the planning documents of most of the formerly socialist countries, of some developed, as well as of few developing countries. Some examples of this type are as follows:

-in Hungary the long-term national spatial development plan contains the future spatial development in several fundamental respects, aiming at the rational utilisation of the natural and human resources of the country within a spatial structure of the forces of production which serve the interest of population⁵¹.

-Poland has had a long-standing tradition of imaginative spatial planning both at the national and voivodship (provincial) levels and all the country has been covered by Master plans under the hierarchy of spatial plans. The national spatial plan which lays down the general aim of regional policies over a period of 20 years presents: the future distribution of population; the settlement structure; the provision of social and technical infrastructure; and the distribution of industrial and agriculture production over the whole country. The plan also indicates the way in which the natural resources and specially minerals and water supplies are to be exploited⁵². The French *Amenagement de Territoire* will be discussed in later pages.

c) Regionalisation of the national plan; this includes those countries with an independent planning phase for regionalisation of the national plan. For instance

among the eastern European countries Romania has had more empirical response to the problem of regionalising of the national plan. For "uniformity" and "maximisation of the production"⁵³ they devised two complementary planning activities besides the national comprehensive plans.

"Planificare": the allocation of resources to the regions, and Sistemizare:regionalisation of the settlement pattern"⁵⁴.

In Hungary, a series of premises concerning issues such as rational utilisation of the investment resources, distribution of economic activities, and the settlement development, have been introduced for reducing the disparities in living standards among various parts of the country.⁵⁵ The French regionalisation of the national plan will be discussed in more details in later pages.

d) Regionalisation of the government system; this includes the devolution of a wide range of authority to the regions, from policy selection, decision-making, and resource allocation, to implementation. Germany, Spain, France and Italy can exemplify this category. Regarding the concern of this research this type would not be discussed broadly. Instead type c will be discussed in more detail because it can better explain the relation between national planning and regional development in a centralised system of planning.

4- The Issue of Regionalisation of the National Plan:

There is many evidence to suggest that the term "regionalisation" has had increasing use in recent regional and national development literature⁵⁶. However, despite lack of clear definition - as many other terms in the spheres of development and planning - it seems it is sometimes used instead of "decentralisation"⁵⁷. It is worth noting that at the first glance they may seem replaceable each by other, both being concerned to explain a policy against a centralised system. The main distinction between

these two terms would be made for commitment of one to conform to the policy with characteristics of a given region while the another has a more general view with less regional sensitivity. In other words the regionalisation could be understood as a kind of decentralisation while the reverse is not true. This distinction is important particularly in terms of national planning, because it is possible to discuss about regionalisation of the national plan within a heavily centralised system of government. In addition the term "regionalisation" is usable for a wide range of purposes, from some planning decisions to the whole system of the central government. Here it has been used solely in terms of national planning. However, a satisfactory state of knowledge concerning this issue has still not been provided perhaps because of its very recent nature and over changing character⁵⁸.

" the motives and pressures for regionalisation were multiple, mixed, and even conflicting."⁵⁹

It is also seen as an approach towards the economic building of regions for national economic integration:

"region-building as a phenomenon, particularly with regards to its economic implications"⁶⁰

and:

"from one perspective regionalisation is the institutionalisation of regional economic integration within the capitalist system." ⁶¹.

In addition it has been recognised as an opportunity for political experimentation [Wright, 1985, p.112] in carrying out development policies at the regional level to test for its applicability at national level. ⁶²

In general it is a complementary planning activity. Firstly; it provides the planners with an instrument for improving the efficiency of the planning system:

"For the technocrats and economic planners it was a method of

improving administrative efficiency and the machinery and efficacy of planning" ⁶³

Secondly it seen as a means of bringing government closer to the people and increasing participation in decision-making.⁶⁴. The evaluation of the results of regionalisation in selected countries has thrown up a variety of problems of practical and of an intrinsic nature. ⁶⁵

"Regionalisation may be beset with problems but it has perceived advantages for many of the actors involved in its implementation"⁶⁶

Finally regionalisation may not have satisfied the extremist ethno-nationalists and militant regionalists, but the moderates have either been satisfied or accept regionalism as an on-going and negotiable process ⁶⁷. In short it has been a more realistic step for regional participation under centralised systems.

For a better understanding of the problems and advantages of regionalisation of a national plan it is necessary to consider selected empirical examples of it here. It seems necessary to explain that, although the former socialist countries have more experience of regionalisation of the national plan, because of the limitation of sufficient explanatory literature in English language the analysis of them has not been available for this research. Instead the experience of the French - which could be classified under both type c and type d of the classification at the beginning of this section - due to more accessible literature has been selected here as a case example for analysing the various aspects of the regionalisation of the national plan.

5-The Case Example of the French Regionalisation of the National plan;

Perhaps France among the developed countries has paid more attention to the regional dimension and spatial aspects of the national plan.

The history of national planning in France dates back to the 1946⁶⁸ and from its outset there have been continuous attempts to deal with regional problems:

"France has always been a highly centralised state, but there has been a consistent worry about regional imbalances dating back to Gavier(1947) and interest over the last 20 years in regional planning or Amenagement du Territoire.⁶⁹

The Amenagement de Territoire (hereinafter AT) which has become something of a cult among French economists, urban planners, administrators, sociologists and geographers⁷⁰, was coined by M. Claudius Petit in the fifties. The term Amenagement means more than planning and designing; *it evokes the idea of implementing a plan and hence the concept of policy. Also the term Territoire is not as abstract as "territory" it can means "land", it refers usually to the national space, but can also be used for smaller spatial unit⁷¹. In short according to Liggins (1975,p.231) it means Regional Development in its widest sense.*

This concept of regional policy making aimed to solve those problems arising from:

The spatial distribution of men and activities. But these distributions, in turn, are nothing but spatial projections of the economy and the society as a whole.⁷²

Therefore this spatial projection could be result in a national planning document which can illustrate the perspective of long-term socio-economic development of the country. This planning document could be applied as a guide plan for regionalisation of the national plan and also the inter-sectoral, inter-regional, and sectoral-regional co-ordination of development decisions.

However, the origin of initial attempts towards regional planning is rooted in the fifties, when the preparation of **the Programmes of regional action⁷³** was suggested by the Committee General for Planning (CGP) in 1955.

"Prior to 1955, each ministry typically established its regional operation according to criteria of its own choosing, without reference to the regional structure of the operation of other ministries" ⁷⁴

The principal aim of these programmes were:

To favour a harmonious division of the population and of its activities, and especially to orient the location of public and private investment ⁷⁵

Eventually in 1958 the Council of General Planning formed a **Committee of Regional Plans** within its organisation for formulation of separate economic and social development plans for each planning region. But in 1961 regions became administrative units, and the serious regional planning attempts have been conducted since 1963 after the creation of **DATAR** (Delegation à l'Amenagement de Territoire et à l'Action Regionale) an agency for regional planning and action , which is **the self-styled trouble-shooters of French regional planning.**⁷⁶

The main responsibility of DATAR has been the preparation and co-ordination of necessary elements for government decisions concerning AT and regional planning on the basis of general directions and criteria of the national plan. In particular an inter-ministerial role for co-ordinating the convergence of actions towards regional policy objectives on the part of this administration when the objective involved exceeding the competence of any one of them ⁷⁷.

In operational terms these tasks formed **the regional section of the national plan** as the main function of DATAR in the process of preparation of the national plan, which has been the main mechanism for the **Regionalisation** of the national plan ⁷⁸.

"The section are in theory, part of the respective regional plans but in their totality they also represent the regional break down of the national plan. Since they are intended to project to the regional level the objectives specified in the national level."⁷⁹

In fact this section is the complementary part of the national plan. It also has been called **" a regional face of the plan"** not only for public investment but also for

private investment.

In 1969 the question of "region" and regionalisation of the government system mounted to the level which was asked by the government from the nation through the referendum.

" Referendum's failure did not mean the failure of regional demands, the project was innovative, and those who opposed the project were not against the principle of regionalisation underpinning it, but against it forms it took, claiming that it did not go far enough, for all these reasons, the debate remained wide open" ⁸⁰

However, the regionalisation of the national plan initially was started in the Fourth Development Plan and it was the first plan that explicitly focused on the regional aspects of economic development. The Fifth Plan also continued similar attempts. Both plans aimed to allocate resources among regions as well as sectors - the national functional category:

"The main manifestation of regionalisation of the plan was that in the Fourth and Fifth Plans there were targets for the break-down of total public expenditure by region as well as by a national functional category, but although these were objectives, the figures had little operational significance. Since there was no way of translating overall totals into individual regional expenditure decision." ⁸¹

The Fifth plan attempted to regionalise the national plan slightly in a different way by concentrating on regional programmes:

"The Fifth Plan tried to get round on part of the problem by including not just budgetary envelopes but fully worked out regional programmes. These projections were very detailed but were officially given the status of forecasts, not targets, and had little impact" ⁸²

A new "regional spirit" began to appear in the early 1970s by participation of the regions in the preparation of the national plan ⁸³. In fact the Sixth Plan marked the

end of the regionalisation of the national plan by the central planners, mainly because it was decided that the plan should be prepared at the regional level⁸⁴ . Nevertheless as it was commented by Gremion and Worms(1976) the conceptual basis and the nature of regionalisation did not change:

"The planning did not transform the traditional institutions or administrative practices and it is these institutions and practices which transformed the regionalisation of planning" ⁸⁵.

Instead regional planning became a part of the process of the national plan through the same circuits of national planning ⁸⁶

The principal features of the new system were devolution of some authority to the regions for allocation of that part of the national public overhead within their boundaries to selected projects. At the beginning they were responsible for only 20 per cent of all social overhead capital programmes but this was increased in later plans.

In this type of regional planning within the framework of the national plan, each region had to respect the constraint which were emanated from the financial resources determined by the centre, but within this constraint the regions were free between different equipment categories⁸⁷. The procedure of preparation of such a regionalised planning approach have been as follows:

- conducting the planning process for a more decentralised performance by several committees at the centre;**
- the evaluation of the regional performance of the previous plan by the region;**
- preparation of the region's options, experimentally on the basis of unconstrained financial allocation;**
- submitting the draft proposal of the regional allocation by the region;**
and

-the co-ordination and finalising the allocations by the central planning agencies and ministries⁸⁸.

All this process involves selection of development projects and programmes under the supervision of the central ministries. Indeed there has been limited opportunity for proceeding with a multi-sectoral regional development plan with adequate horizontal co-ordinations. Instead it has been a process of selection of regional programmes in various sectors and regional planning became gradually regional programming within the allocated resources.

Perhaps the regionalisation efforts in the French planning as was mentioned by Estain and Helms was more an attempt towards decreasing the central control in the process of decision making rather than consideration of the regional and spatial aspects of the national plan:

"In many ways regionalisation of the national plan was just a substitute for genuine decentralisation in an over-centralised state." ⁸⁹.

Decentralisation reform of 1982, according to Balm and Bonnet (1995, p.51), has had a significant change in territorial organisation of the French state. This reform is mainly based on the *concept of Contractual Planning System*.

"planning contracts established through bargaining process between the state and the regions (*Contracts de Plan Etat-Re'gions*) aim to define common objectives and secure financial cooperation on a pluriannual basis"⁹⁰.

However the National Plan for Regional Planning and Development - SNADT - as a basic reference framework still has a fundamental role for working of the Contractual Planning System. This plan contains national policies for regional development ⁹¹.

"This body establishes the basic directives for regional and environmental planning as well as for long-standing development. Rules are established governing the positioning of major infrastructures, public works and services. SNADT determines how

economic, social, cultural, athletic vocational, environmental, housing, and life enhancing policies best interact to service the public interest"⁹².

and:

"Moreover, this national plan can be applied to sectorial plans in the areas of higher education and research, cultural installations, infrastructures for different methods of transportation and telecommunications, as well as public health."⁹³

According to the act of February 1995, the application of this plan requires consultation, prior to submission to the parliament, with the national council for planning and development, the regions, departments, and also the designated representative organisations of the communes and associations of communes⁹⁴.

The Place of Regionalisation in the Process of Preparation of the National Plan:

According to the French experience, procedurally, the regionalisation could be started in the post-plan stage after preparation of the macro-economic plan; but with regard to the task of formulation of a spatial perspective plan and also other preparatory activities it is more reasonable to say that the regionalisation activities should be organised in three stages as follows:

- 1- Pre-Plan stage; which is concerned with formulation of a long-term spatial strategy plan and working out the medium-term regional policies at the national level;
- 2- The period of formulation of the national plan; which apart from a consultative relation with sectoral agencies would also be concerned with some projection of the regional economic growth rates and achieving to an overall conceptual framework for regional distribution of the national resource;
- 3-Post-Plan period; which is mainly concerned with programming towards reduction of the macro-economic plan to executive development projects through a regional approach by close contribution of the national-sectoral planners with regional planners.

The Analysis of the French experience of Regionalisation of the National Plan:

At the beginning of the discussion it is necessary to mention that, as the French experience has shown, the regionalisation of a national plan could be understood differently. However apart from the failure or success of various attempts in this context the French have experienced three types of regionalisation of the national plan in various stages of their planning progress:

type A) regionalisation as *regional allocation of investment resources - similar to the conventional sectoral allocation;*

type B) regionalisation as: *regional projection and programming of social overhead capital expenditure as part of the national plan;*

type C) regionalisation as: *decentralisation of the process of decision making through devolution of some degree of authority to regions for allocation of some portion of public overhead capital to local projects and programmes.*

These types do not have a similar technical and procedural implications but what they have in common is: all of them are different from an independent regional planning. This has also been commented on by Antony, that *regionalisation of a national plan provides a limited choice for regional planners*, because the main decisions are already taken by the national planners while regional planners would take part in the process within several constraints.

The interpretation of the above mentioned types would bring a better understanding of the technical and procedural problems of regionalisation of a national plan, and would provide more insight for setting up an appropriate conceptual framework for this purpose.

Type A: Regional allocation of Resources:

The principal aim of this type which appeared in the plan was to break down the national investment resources among the planning regions, as what usually took place in economic sectors, so that the share of each region in the formation of the Gross National Product during the period of the plan would be measurable. In other words, this type in fact is the regionalisation of the general concept of macro-economic planning rather than the plan itself. This type of regionalisation, therefore, here could be named "regionalisation at the macro level" and therefore, its main concern would be balancing the regional economic aggregates. Although this type would provide the planning process with more efficient control of regional economic growth and inter-regional balances, it has been confirmed by the French experience that this type requires some technical tools such as regional economic accounts and regional econometric models or input-output tables which are not easily either available or applicable. In addition if the problem of the national macro-economic planning were inter-regional distribution of investment resources, now the problem will be the intra-regional distribution of investment resources. The main reason behind this problem - similar to the national macro-economic planning - would be the lack of spatial and locational consideration of the development process due to the nature of macro-economic planning. However, a decisive factor for evaluation of this type is the type of approach for elaboration of the national plan in the process of preparation of the executive plans.

Type B: Regional Programming of Public Overhead Capital:

This type is mainly concerned with elaboration of the macro-economic plan in a regional approach, while in the conventional centralised system of planning it is carried out in a sectoral approach. The principal aim of this type is identification and co-ordination of major development projects in different sectors of economy during the period of the plan in various regions of the country. This type, therefore, is an intermediate stage between national and local development and here will be named "regionalisation at the meso level".

The necessary technical tools for the proceeding of such an approach, as it could be



observed in French experience, which would be as follows:

- a long term perspective concerning the economic projection of national space; this perspective should indicate the location of the major national development projects;
- a system of sectoral-regional co-ordination in which both vertical co-ordination - concerning sectoral harmonies - and horizontal co-ordination concerning regional harmonies could reasonably be organised.

The advantage of this type is its clear and controllable approach for inter-sectoral and inter-regional co-ordination and, more importantly, a better consideration of a regional and spatial dimension of the national plan. The main problem of this type would arise from some constraints which would have been created by the macro economic plan, and therefore it would provide relatively limited opportunity for proceeding to an independent regional development policy.

Type C: Devolution of Authority to Provinces:

The third type is more a decentralisation policy is mainly depends on the degree of authority which would be conceded by the central level to regions. The main characteristic of this type is decentralisation of the process of decision-making with regard to the allocation of a part of the investment resources for financing the local development projects by regional authorities. Therefore this type would be named here: "regionalisation at the micro level". The technical and procedural requisites for this type, which could be traced in the French experience, would be as follows:

- specification of the extent to which the regional level would make decisions;
- division of investment resources between national and regional levels and reallocation of the latter among various sectors;
- delineation of the boundaries between national and regional projects;

-establishment of an appropriate system of regional decision-making for responding to the needs of intra-regional co-ordinations between various sectors.

In fact this type is regionalisation of the technical and procedural problems of the national economic plan rather than regionalisation of the plan. Nevertheless though this type would create better opportunity for implementation of deliberate local development policies, it would not permit that an independent regional policy could be followed. Moreover this type has not had the benefit of appropriate tools for controlling the location of national projects, hence it could not improve the relation between national and regional development.

Conclusion:

So far a few simple empirical generalisation of the concepts concerning the subject of regionalisation would be recapitulated as follows:

a)Regionalisation is a multi-purposal term with economic, social, political, and administration dimensions, referring to the definition of French *Amenagement du Territoire*:

-An ambitious definition would be regionalisation of the system of government in its widest sense from legislation to resource allocation and implementation;

-A more desirable definition would be an attempt at a balanced distribution of public resource among the sectors of the economy and the regions of the country,

-A realistic or modest definition would simply be: an attempt at more reasonable regional distribution of sectorally allocated resources of the national plan or an attempt at greater consideration of the regional dimension of national and sectoral development policies in an extremely centralised system of government.

b)it is not regional development planning, indeed, but it aims to reconcile the national

economic objectives and regional development performance, through improvement of the co-ordination between regional and sectoral aspects of the plan.

c)it is not merely decentralisation; but probably it could make it possible to regionalise economic decisions in a centralised system while in contrast there could be a decentralised system with an imperfect regionalised system of economic performance.

The Choice of the type of the regionalisation of the National Plan:

The clarification of the overall objectives of the national plan and their ultimate reduction to specific courses of action - development programmes and projects - has a crucial significance for implementation of the plan.

"Planning is not really planning unless it is effectively related to action programmes and administration, ..., A plan that lacks operational significance is a museum piece, and planning does not necessarily begin with a plan but with introducing greater rationality into public decision-making, through better information (research and analysis) and through foresight (projection)"⁹⁵

The aim of regionalisation of the national plan, as it could directly be inferred from the term itself, is tailoring the national plan to be more commensurate with the reality of regions as the arena in which the scenario of the national development will be performed. Thus the principal criteria for selection of the appropriate approach towards regionalisation should be inferred from the rationale of regional development planning. In other words for more effective regional consequences of the national development strategies, and for better reduction of a macro-economic plan to specific courses of action, the national plan should be regionalised on the basis of the principal criteria of the regional development planning.

Although several classifications concerning various schools of thought in regional development and planning have been introduced by various scholars and regionalists), the main point of diversity among them could be the way of consideration of "*space*" and the spatial dimension of the national plan: either as a substantial or as a

sub-ordinated factor of recognition and decision-making; or as an absolute and neutral receptacle for locating development activities or as a dynamic source of development.

However with this amount of study generalisation would not be safe. It seems that the regionalists consider the relation between regional planning and national planning through the implication of space as an arena for sectoral locational and national-regional reconciliations. On the other hand the economists showed more tendency to the space-less economic theories for determination of national-regional planning ties.

In short, the necessity for consideration of the spatial dimension of the national development plan has been recognised by some regionalists as a complementary and an indivisible element in the concept of development planning by those who attempted to define regional planning in practice and in relation to the national planning:

" it has become clear that the arithmetic of macro-economics has need of and is made more powerful by the geometry of regional considerations. ,,,. Without the spatial point of view, the analysis often is incomplete, somewhat like a two-dimensional projection of a three-dimensional object" ⁹⁶.

In this view the regional development is concerned with the incidence of economic growth and regional planning would be as a space-oriented type of planning which should aim to promote the regional development as improvement of the organisation of economic space in accordance with indicated criteria or goals ⁹⁷. Among various definitions of the regional planning two relatively old definitions still seem to have validity, which has been established well and can better cover the above understandings:

a) according to Friedmann (1964, p.64):

" Regional planning is the process of formulating and clarifying social objectives in ordering the activities in supra-urban space."

b) as it was stated by Narasimhan in the seminar held by the UN Commission for Asia and Far East (1959, p.1):

"Regional planning would provide the most suitable framework of reference for a balanced integration of development projects of national significance and those based on local initiatives"

Perhaps the French concept of *Amenagement du Territoire* has responded to these view in practice by *spatial projection of the economy and the society as a whole*, which embraces the location of identified *grand projects* those with national significance - in accordance with national development objectives for facilitating a sound regionalisation of the national plan.

Finally, as a result of this conclusion it seems reasonable that the type B of regionalisation is a better choice with improvement of the needs of regional planning within the framework of national planning.

CONCLUSION OF THE CHAPTER ONE:

The review of literature suggest that in general in this train of debate it is not easy to find a source of literature which covers various aspects of the problem. Different parts of the subject are available in different sources of literature. The findings throughout this review in association with the individual participatory observation during the empirical activities of the writer of this chapter, could be summarised as follows:

- 1- that the free working of the market cannot secure a balanced distribution of economic activities and would lead to intensified regional balances;
- 2- that government intervention is necessary for control of distribution of population and economic activities across the country and for curbing uneven regional development that would have emanated from the function of market mechanism;

3- that overall strategic decisions and macro-economic debates of the national plan should end up with executive action plans for various sectors of economy with co-ordinated and consistent development programmes and projects result from adequate sectoral and regional considerations. Therefore "sectoral detailed planning" should be regarded as important as "macro-economic" planning;

4- that the geographical distribution of public investment through the national economic plan has a significant role, both in fulfilment of the growth objectives and enhancement of the relation between regional development and national economic growth;

5- that the regionalisation of the national plan should be regarded as the main process of conscious intervention of the government for controlling the trend of regional balances and the rational utilisation of the regional resources;

6- that it is more reasonable if the regionalisation is considered as regional programming of the public investment resources within the constraints determined at the national level;

7- that a long term perspective plan resulting from spatial projection of the economy and society as a whole and containing the locational ordering of development projects with national significance is a necessary document for guiding the spatial distribution of sectorally allocated development resources. This document which contains a general doctrine for spatial development should play a crucial role as a general framework of reference for inter-sectoral, inter-regional, and sectoral-spatial co-ordinations. This document and the macro-economic plan would together constitute two basic documents for a reasonable regionalisation of the national plan in technical terms.

These finding could be supported by several comments from various regionalists such as follows:

"the economic growth of the country could be substantially

increased by utilising more fully the wasted resources of depressed and under-developed regions. ⁹⁸

and:

"The decision of where to locate a new project is as important as the decision to invest in it." ⁹⁹

Finally :

"Inefficient regional allocation of investments results in wasting of scarce resources and unnecessary burdening of the transport system. Losses in the saving and investment potential go hand in hand with higher costs of production. Inefficient plant operating in unsuitable locations require subsidies which are frequently hidden in complex administered pricing formulas. Such pricing policies lead to further wastes along with increases in the price level."

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- 85-Ibid. 46, op.cit, p.114.
- 86-Ibid.
- 87-Ibid.70, op.cit, p.256.
- 88-Ibid.
- 89-Ibid.46,op.cit, p.114.
- 90-J.Friedmann, The Concept of a Planning Region-The Evaluation of an Idea in the United States, in Friedmann and Alonso, op. cit. p.501.
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- 92-See "Visage de la France", DATAR. Paris, Decembre 1993.
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CHAPTER TWO:

The Structure of the Thesis

- the general problem situation*
- previous efforts at problem resolution in Iran*
- research questions and hypotheses*
- the methodology of research*

CHAPTER 2:

THE STRUCTURE OF RESEARCH;

2-1:The Aim of Research: The General Problem Situation:

The main concern of this research is to analyse the relevant efficiencies of the conventional system of national planning in Iran in terms of its ability to accommodate the processes of regional planning for development. The subject matter concerns an analysis of the trend of regional development policies and projects under a centralised system of preparation of the national plan and a sectoralised approach to allocation of national resources.

The preparation of the national medium-term socio-economic development plan usually involves two main stages: the stage of formulation of the macro-economic plan and the stage of elaboration of the macro-economic plan into executive plans. Although at first glance it might be thought that the preparation of a macro-economic plan is the more difficult stage, in practice its elaboration is a more complicated process.

The "elaboration" of a national plan, is meant here as the stages of identification, prioritisation, and distribution of those resources and activities which should satisfy the pre-determined development objectives. The objectives of the plan are here defined in terms of those development activities which will determine the substance of a plan. Each of these activities - in planning term 'development project' - are formed, from a combination of an activity and a location. Thus development projects have two dimensions: One is a 'sectoral dimension', which means the activity can be identified and can be classified under the conventional category of economic sectors. Another is a 'locational dimension' which means an activity would be understood by determination of a certain place as its location. Since these activities can always be identified through two alternative approaches, consequently it follows that a national plan can be elaborated through these two approaches:

I)the sectoral approach; which determines the priorities on the bases of sectoral development criteria. In operational terms it involves selecting locations when the

activities are specified;

II)the locational or spatial approach; which introduce priorities according to regional development criteria. In operational terms it involves identifying activities for a set of given regions.

The main source or cause of the above mentioned complexity emanates from this dualistic nature of development activities which produce the following problems: How can a solution be approached at the stage of elaboration of a national plan that:

- on the one hand sectoral classification of activities can be responsive to a pre-determined quantitative objective for the medium-term growth rate of relevant sectors on the basis of the macro-economic plan, and on the other hand;
- the regional classification of activities bring about a rational process of sustainable regional development.

Theoretically an efficient system of planning should provide a reasonable elaboration through convincing consideration of both sectoral or regional development criteria. The neglect of one criteria results in a range of deficiencies:

- domination of the sectoral approach at the expense of regional criteria bring about not only the impossibility of identifying those activities which are properly understood via the regional analysis of development strategy, but also results in an imbalanced use of indigenous factors of regional development ; on the other hand
- domination of the regional approach bring about a vast ambiguity about macro-economic aspects of unco-ordinated decisions, or causes problems for the implementation of the plan.

Both cases would jeopardise development objectives due to non-optimal utilisation of development resources.

Historically, this dichotomy has led to the emergence of two often claimed and much discussed schools of thought in development planning that could be called a)Sectoralist

- those who believe the rationale of a sectoral approach for manipulating the development process - and b)Regionalist - those who believe the necessity of a sectoral-regional approach for managing the processes of elaboration of a development plan".

2-2:Previous Efforts at Problem Resolution in Iran:

The case of Iran , in comparison to many developing countries, has witnessed a long-standing controversy between these factions with more or less active rivalries at various periods of time. Although in Iran the regional approach was selected in the early years of the inception of national planning - from 1948 to 1962 - with the growing tendency toward centralism, the government soon adopted the system of decision-making to work on the basis of a sectoral approach to recognition of priorities. Undoubtedly the significance of the process of implementation of plans with respect to the sectoralised structure of the government administration has had some influence in this choice. In addition the political aims of a centralised system of government has had a better response from a sectoralised system of decision-making and implementation.

At the same time in order to mitigate those problems that emanated from the neglect of the regional approach there has been a continuous endeavour aiming to accommodate the regional dimension of national plans. Various policies since the inception of a national planning system have been adopted to deal with the regional problems since the inception of national planning. A brief exploration of these endeavours elaborated in chapters 5, 6, and 8 has provoked the grounds for evolving the hypotheses of this research:

I)some planners perceived that the formulation of regional policies within the process of preparation of the national plan would ensure better distribution of development activities. Consequently a wide range of regional policies have been proposed by various development plans such as: 'agriculture poles' of the Third Plan; 'the priority of development of potential regions - regional development centres' of the Fourth Plan ; 'regional balanced socio-economic development of the regions' of the Fifth Plan;

'concentration of development the backward areas' of the Revised Fifth Plan; 'development axis in the western part of the country' and 'decentralisation' of the Sixth Plan, and the like.

II)some planners perceived that independent regional development plans should be prepared to deal with 'problem regions' and 'regional problems', whether in the form of 'the Khuzistan Development Plan' of the Second Plan within the national plans, or a series of regional development plans for various regions and provinces apart from the national planning process;

III)some planners perceived that regionalisation of the national macro-economic plan would establish a more rational relation between national and regional development. This produced the experiment of *Battelle Regional Economic Plan* on the basis of regional economic accounts, which proposed a determined quantitative objective for growth of regions' GDP during the period of the Fifth Plan;

IV)some planners perceived that a long-term spatial strategy plan would provide the national planning system with a reference framework for better distribution of the national plan and also a guide plan for regionalisation of the national plan. The Sixth Plan is the example of this perception.

V)some planners perceived that regional problems would be better dealt with through establishment of an independent Regional Development Organisation. This was introduced by the First Plan and several organisations of this type have been established during implementation of various national plans.

VI)some planners perceived that regional problems should be divorced from national problems and left to regional officials through allocation of some resources to each province for dealing with local problems, while national planning officials would concentrate more on macro and inter-regional problems. This idea was first introduced during the Fourth Plan as Provincial Special development Programmes and has continued in various plan under various titles.

VII)some planners perceived that the regional dimension of national plans would be better supported by participation of regional and provincial planners in the process of preparation of the national plan. The First post-revolutionary National Plan was preoccupied by this perception and tried to increase the number of regional participants in the process of the preparation of the plan. Another type of this tendency was again observed in 1993 during the preparation of the Second Plan ;

VIII)some planners perceived that establishment of an auxiliary mechanism for distribution of some additional resources between depressed areas would compensate for the shortcomings of the conventional procedure of the national plan and would accelerate the paces of development in these areas by introducing relevant criteria. This has been termed the 'dedeprivation of deprived areas' in the Iranian regional and national planning and budgetary literature.

What these different perceptions of policies have had in common is that no one of these policies has succeeded in changing the traditions of sectoral-national planning, and that, as will be particularly analysed in this dissertation, the major cause of the failure of these policies has been in the procedure of preparation of the national plans.

As it can be understood from a survey of the above mentioned policies, various solutions have been adopted at various times. Sometimes theoretical, sometimes technical and sometimes organisational solutions have been perceived to solve the problem. All have tried to solve various aspects of a single problem: the status of regional dimension in national development planning. The variety of solutions can easily be justified by paying attention to the nature of the problem. The fact is the regional dimension of national development has a multi-dimensional nature. Thus it is inadequate to merely deal with the theoretical, technical, methodological, legislative or organisational solution individually.

2-3:Research Questions and Hypotheses:

This dissertation will try in particular to explain the importance and to assess the

efficiency of the procedure of preparation of the national plan in terms of dealing with regional problems. These endeavours, less discussed by the scholars of planning in Iran, deserve more consideration not only to examine the regional efficiency of the national planning system, but also because they indicate some significant structural characteristics of Iranian planning processes.

The main interest of the current research is concerned with posing the questions involved in considering the regional dimension of the national planning system and on the basis of the hypotheses and findings to make a case for the necessity of '*regionalisation of the national plan*' as a more comprehensive solution for improving the relationships between national planning and regional development. The main questions of the research are as follows:

- I) How are the regional dimensions and spatial aspects of sectoral decisions accommodated during the conventional process of elaboration of plans?
- II) How does the horizontal co-ordination at regional level take places harmonising the results of the vertical system of sectoral elaboration of the national plan?
- III) How does the centralised and sectoral-based national planning system accept and digest deliberate and independent regional policies?

Before the explanation of specific hypotheses it is necessary to draw attention to the following realities and assumptions which have influenced their choice and elaboration:

1-Apart from dispute over the implication of planning and controversy about the extent of state intervention in the economic performance of the nation, the government annually spends a considerable amount of capital resources for socio-economic development through the conventional system of planning.

2-In addition government investments have a significant role in stimulating and

directing private sector resources, hence the planning system is the major channel for utilisation of all resources.

3-Government investments are based on decisions made by various segments of the public sector which aim to achieve a pre-determined quantitative objective for the development of a related sector on the basis of macro-economic policy. In practice - as mentioned earlier - these decisions eventually are to be understood in terms of a certain activity in a certain location during a certain period of time, or in other words of a development project.

4-The locating of a major development project in each region has two significant effects:

-Firstly, it strongly influences trends of change in the process of regional development and eventually will bring about further investments by either the public or the private sector;

-Secondly, it will exploit 'Local Factors of Development' (LFD), i.e. natural resources - especially water and energy resources; the manpower; the manmade resources - in particular infrastructures; etc.

5-On the other hand each region has limited local factors for development which should be considered as limited resources for providing a sustainable regional development process.

6-Planned process of regional development requires the selection and implementation of a string of those development programmes aiming either at rational utilisation of local factors of development or mitigating the problems of a region in question.

7-The relation between national economic growth policy and regional development processes can be evaluated on the basis of the following possible circumstances:

I) If the activities located in a given region by sectoral decisions satisfy the following conditions then it can be said that the conventional system of planning is able to manage both the process of national economic growth and simultaneously the processes of regional development:

a) rational conformity between located activities whether with the potentialities of the region or with the needs and problems of the region ;

b) optimal utilisation - both quantitatively and qualitatively - of the LFD of the region.

II) If the located activities do not satisfy the above conditions then it can be inferred that the conventional system of economic planning is unable to manage the process of regional development.

The three basic hypotheses of this study are:

The conventional system of national planning in Iran:

1-is unable to accommodate an efficient regional planning and development process;

2-prevents implementation of deliberate regional development policy as well as pre-determined regional development plan;

3-(As a result) national economic growth is achieved at the expense of sustainable regional development and, due to a lack of an appropriate mechanism for geographically co-ordinated distribution of the resources by the sectoral approach, the national planning process makes only a haphazard contribution towards appropriate regional development.

In order to throw light in these hypothetical questions the research will examine and explain the following characteristics of the conventional national planning system in Iran:

1)that national macro-economic plan is elaborated through the process of preparation of sectoral medium-term executive plans :

2)that sectors are autonomous while not obliged to accept any views or proposals from other sectors nor from regions;

3)that decisions concerning the substance, scale, and location of activities are made independently in favour of sectoral interest in response to the pre-determined quantitative objective of a sectoral growth rate - by the national macro-economic plan for a given sector.

The conceptual bases and practical realities underpinning the problem of national planning include:

1)That the law of planning has conceded absolute authority and responsibility for resource allocation to the sector;

2)That the theory of economic growth has assumed that problems of location of economic activities would be solved through the market mechanism and perfect competition;

3)That the econometric models used are not required or are unable to accept any regional or locational indices nor would offer any inter-regional allocation of the resources;

4)That the process of selection of sectoral activities is based on very initial analysis and appraisals such as social cost-benefit analysis, feasibility studies, and location survey;

5)That in the procedure of preparation of the national plan an appropriate mechanism for co-ordination of the geographical distribution of sectoral resources has not existed, nor has incorporated necessary feed-back flows for sufficient integration of elaborated sectoral decisions ;

6)Within the planning apparatus an authorised body for regional co-ordination of sectoral development programmes is lacking.

The research reported here will attempt to illustrate how the process of preparation of a national plan takes its form from a rational procedure for specification of the quantitative objectives for GDP as well as sectoral growth targets at the early stages. On the other hand it fails to maintain the consistency of its rationality at the latter stages due to an ill-organised procedure of elaboration of the national macro-economic plan into sectoral medium-term executive plans. More particularly "the disintegration of the conceptual unity of the region" due to individual consideration of regional and spatial dimensions by the various sectors will be underlined as a main reason for regional inefficiencies of the sectoral approach for elaboration of the national plan. In addition it will be shown how a haphazard contribution of the national planning system to the trends of regional development creates more obstacles for achieving sustainable regional development and intensifies the following problems:

- low productivity of capital;
- marginalisation of regional resources;
- widening the gap between regions;
- ever increasing centralisation;
- separation of economic development policy and human settlement policies;
- neglecting the environmental problems.

There is evidence that a clear explanation of the consequences of such a procedure of preparation of the national plan provides an appropriate condition for the acceptance of the necessary alterations in planning procedure. This situation exists first by illuminating why and factors involved in its emergence. It has been become clear that a recognition of the problem would provide better knowledge for dealing with it. In testing the hypothesis the factors involved in emergence of the above mentioned realities have been analysed. Basically there are shown to be two groups of reasons behind the problems involved:

I) 'political' reasons which emanate from the oil-based structure of national economy.

II)the 'theoretical and technical' reasons which are relatively world-wide problems including the ambiguities in definition of the terms development and articulation of the theory of planning; and in particular the technical problems in relation to improvement of sectoral-regional concepts and techniques of development planning.

This research will avoid interpretation of the political economy of Iran and subject matters such as the role of oil revenues in centralism, for there exists ample literature by professional authors. The research will concentrate on the professional problems, and different aspects of the regional dimension of the planning system will be analysed to understand the extent to which these problem are solvable under alternative procedure.

Secondly by examining what efforts have been made for regionalisation of both the planning system and national plans and their success and failures. The evaluation of various attempts at modification of the planning system in favour of better regionalisation of national plans can provide knowledge for understanding the causes behind the failure of these remedies as well the magnitude of the problem. Therefore chapter 8 is devoted to critical analyses of these experiences.

2-4:The Methodology of research:

The difficulty of research which is concerned with the planning system, according to many authors is that there is as yet no accepted 'planning theory' and not even a generally agreed view on what it should seek to embrace and explain. What has generally been accepted is that it mainly depended on a given social situation. Therefore for selection of methodology of this a research it is necessary that various applied methods for 'evaluation of a planning system' be reviewed .

Various methods can be used for evaluation of a planning system. Sillince, for instance, (1986, p.35-48) has classified them in three groups:

I) Evaluating the results of decisions and plans afterwards, or evaluating results after the events;

II)Evaluating the likely results of decisions and plans at the time, or evaluating the results at decision time, and

III)Evaluating decisions and plans according to the process by which they are made, or evaluating the decision process.

Given the nature of the hypotheses of the research, the empirical knowledge of the author has been through his participatory observation of three processes of preparation of the national plan, and the accessibility of original documents, the methodological choice of this research has been the third method; evaluating the decision process. After the selection of the methodology the main focus of analysis on line of reasoning supporting the hypotheses of the research. In this method various lines of approach could be selected as the criteria for evaluating the planning system such as:

- the accordance of the plan with precedent, and with the law, with the terms of reference and basic principles.
- the theoretical bases of applied concepts for development, the correctness of used-techniques and the rationale of the models for their application;
- the consistency of main objectives during the process of elaboration of the plan in line with basic policies of the plan;
- the criterion of participation of planners in formulation of plans and the number of committees involved in or voting for plans;
- the implementability of policies and programmes;

Regarding the hypotheses of this research the main concentration will generally be on the procedure of preparation of the plan with particular focus on the process of geographical distribution of national plan's investment. The stage of '*programming*' is the core of the focus because it can best account for the regional efficiencies of the national plan.

The author, according to his observation, believes in the significance of the procedural aspects of planning affecting the substantive aspects of the plan. Thus various criteria, for instance the law of planning, should be regarded as the determinant causes rather than the effects of the planning system.

The empirical grounds of the research is provided by detailed examination and

analysis of experiences in regional planning from 1970 with particular reference from 1983-1994. Four experiences of 'regionalisation of the national plan' have been analysed to assess the hypotheses of the research:

- 1- the Regional Accounts System connected with the work of Battle Consulting engineers of 1970;
- 2- the National Spatial Strategy Plan, connected with Sixth Plan of 1975;
- 3- the Conceptual Framework for Provincial Development connected with the First Plan of 1989;
- 4- the Provincial Coefficients for Distribution of Sectoral Resources connected with the Second Plan of 1994.

The research has been carried out by use of the on the following tools;

I) Literature review; which, as explained in the previous chapter, is mainly concerned with those literatures which would provide specific theoretical and conceptual bases for such study. These include those written by academicians or those concerning empirical attainments by planners in various countries.

II) Analysis and interpretation of official documents; which consists of review of literatures concerning the particular interest of this research, including the wide range of governmental documents, as well as those which have been used by various writers and critics analysing the different aspects of the planning system in Iran.

III) Interviews:

Interviews took place with selected members of the following institutions and departments that have had a more or less significant role in the process of preparation

of the national plans;

- the National Planning Headquarters;
- the Sectoral Planning Committees;
- the Provincial Planning Committees;
- the Sectoral Planning Bureau;
- the Regional Planning Bureau;
- the Sectoral Commissions of the Parliament;
- the Provincial Authorities;
- the Committee for Inter-sectoral Integration of the Plan;
- the Planning Authorities; and
- individual scholars and critics.

In view of the nature of the subject of study, and the characteristics of interviewees, interviews have mainly been carried out in a semi-structured form with free-format questionnaires.

IV) Participant observation;

As explained in the introduction, this dissertation aims to incorporate considerable empirical knowledge accumulated in past 15 years by the author during a wide range of activities in the field of regional planning in Iran. These experiences are based on as a main source and have a significant role in the form and content of this dissertation, for the following reasons:

- 1- an exceptional opportunity for close contribution to most of the relevant planning activities due to his responsibility for regional planning for nearly 10 years;
- 2- a wide range of discussion and exchange of views with most of the people who are involved in planning affairs, such as policy-makers, both sectoral and regional planners and experts, development scholars, writers and critics, and decision-makers;
- 3- the advantage in keeping advantaged an organised system of professional diary

keeping in which hypothetical findings, concepts, questions, and comments have been classified: a review of his professional experience has provided a main ground for understanding the basis of his evaluations. The researcher has had an exceptional opportunity to participate closely in most of the planning activities of the 1980s in Iran. An organised system of notemaking from a wide range of discussions, meetings, seminars, and interviews with main actors of the decision-making and the planners provides him with a considerable amount of concepts, hypotheses, findings and questions, which are reflected in all parts of this research.

CHAPTER THREE:

The State and the Planning System in Iran

- the general description of the physical and socio-economic status in Iran*
- the Constitution, government, and planning*
- the system of decision-making in practice*
- the mainstreams of the Development Planning*
- the system of National Socio-economic Planning*
- the Plan and Budget Organisation*

CHAPTER THREE:

THE STATE AND THE PLANNING SYSTEM IN IRAN:

Introduction:

The aim of this chapter is to provide the readers with a general knowledge about the physical and socio-economic status of Iran, and to explain the state and the system of planning and the interpretation of these on the basis of the hypotheses of this research. This chapter consists of the following issues:

- 1-the general description of Iran's physical setting and socio-economic status;
- 2-the constitution, government and planning;
- 3-the major planning flows;
- 4-the socio-economic medium term development plan;
- 5-the Plan and Budget Organisation.

This section has a more descriptive character rather than an analytical one. The second section of the present chapter is devoted to an overview of the background of the planning efforts in Iran and an explanation of the national development plans. This chapter, therefore, has a more explanatory character.

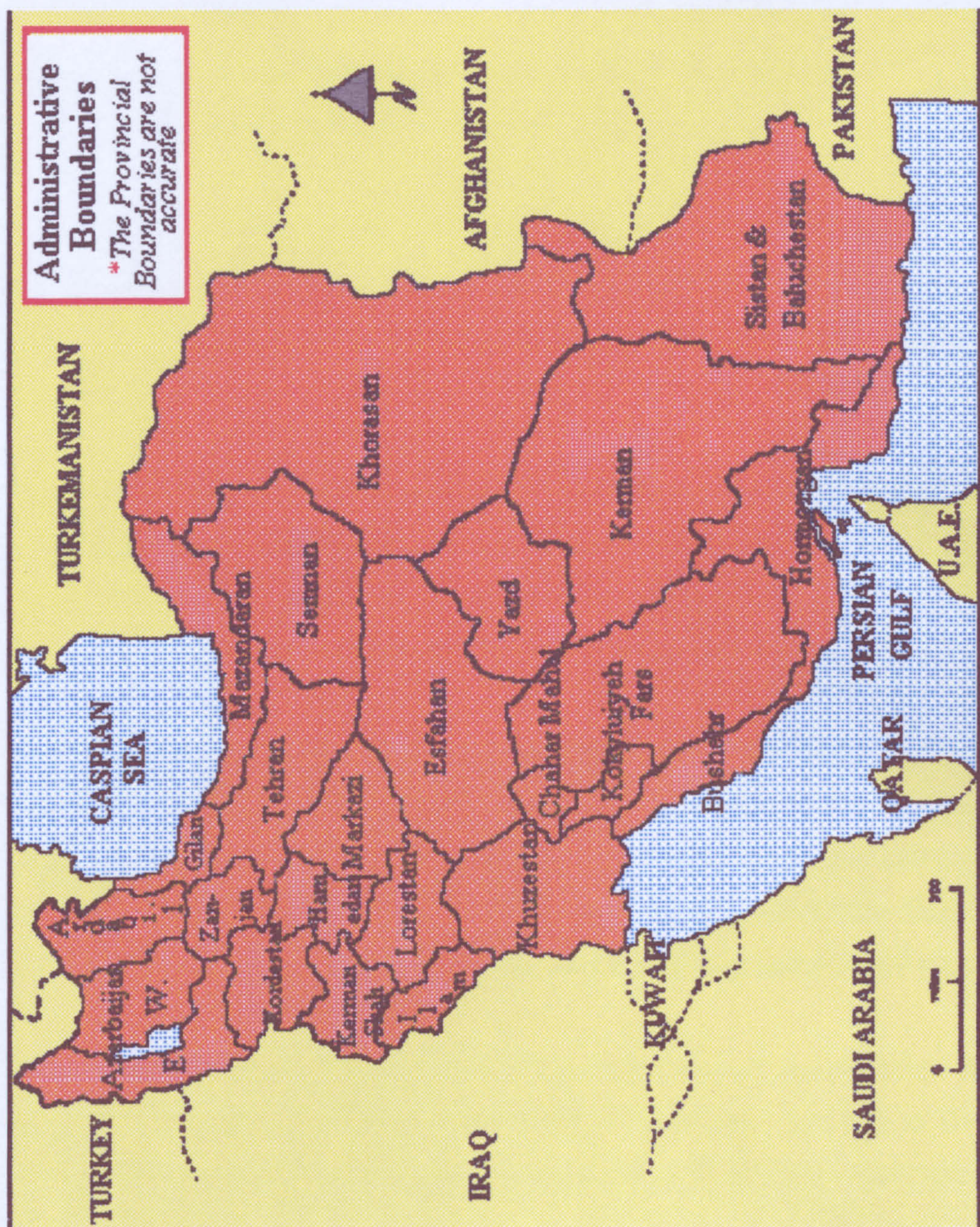
1- The General Description of the Physical and Socio-Economic Status of Iran:

Iran with 1,648,000 sq. km² is located in the west of Asia. The country extends some 2240 km from north west to south east and some 1370 km from north to south. For European readers its magnitude could be described by a comparison with the European territory:

"The distance between Mount Ararat, on the Turkish - Armenian region - Iranian frontier and the south - eastern extremity of country near the port of Chahbahar on the sea of Oman is longer than between Paris and Athens. If Iran were to be superimposed upon a map of Europe, the holy city of Mashhad would be over Budapest, Abadan within Sardinia, Teheran would take the place of Venice, and

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Shiraz that of Naples".¹

An area larger than that of Italy, France, Switzerland, West Germany, Denmark Luxembourg and Great Britain combined². More than half the country has an invigorating, temperate-zone climate³, apart from some forests in the northern territories, much of the land is desert and waste, almost everywhere rainfall is the limiting factor⁴.

Physically there is a great contrast between the north and the south. Whereas there are large dry-farming areas in the north east and the north east, this is not true of the south⁵.

Iran probably has the best natural endowment for economic growth of any country in the Middle East⁶. Apart from oil and gas there are several minerals of promise, among them copper, iron, lead, zinc, chromite, tin which have considerable reserves.

The population of Iran in 1993 exceeded over 60 million ⁷, therefore it now has the largest population in the Middle East. About 57 percent of the population live in the 507 cities ⁸ and about 42 per cent of the urban population - nearly 20 per cent of total population of the country - are concentrated in 8 major urban centres.⁹

Historically water has been a determining factor in the distribution of the population and the formation of the spatial organisation of the country. The heaviest concentrations are in the north and north west where the 10 inches rainfall line follows the inner foothills of the Zagros and Alborz¹⁰ - the country's two great mountain ranges - which historically offers many opportunities for expanding the agricultural activities.

The size and location of the rural settlements depends mainly on the availability of water, therefore in Eastern and South-eastern territories the number and size of the villages are smaller than the rest of the country, particularly in Central and North-west areas. However the 43 per cent of population is distributed in nearly 60 thousand settlements each with less than 5000 inhabitants.

The country is divided into 25 Ostans - administrative provinces - each having

many specific features of its own in the landscapes, inhabitants, in its arts and customs, urbanisation, the structure of economy, and per capita income.

2-The Constitution, Government, and Planning:

1- The Right of National Sovereignty the Leadership, Power and the System of Decision-making:

The basic aim of the Islamic Republic of Iran (hereinafter IRI), according to the constitution " is to foster the growth of man in such a way that he progresses towards the establishment of a Divine order (in accordance with the Qur'anic phrase and toward God is the journeying [3:28], and to create favourable conditions for the emergence and blossoming of man's innate capacities ¹¹.

According to the constitution **absolute sovereignty over the world and man belongs to God, and it is who [God] has made man master of his own social destiny¹²**. The task of delineation of the general policies of the IRI after consultation with the Nation's Exigency Council, has been ranked at the top of the list of the "*duties and power*" of the Leader of the Country in the article 110. The powers of government - in fact the system - are vested in the three following areas: the Legislative, the Judiciary, and the Executive powers. These powers are independent of each other.¹³.

Meanwhile the constitution has urged the government to provide the entire people with appropriate conditions and means to participate in the determining of their political, economic, social, and cultural destiny¹⁴.

The President who is elected by the direct vote of the people has been defined by the constitution as **the highest official in the country after the office of the leadership¹⁵**, and he is **responsible for implementing the Constitution and for acting as the head of the Executive ¹⁶**. Therefore he is the head of the Council of Ministers. He supervises the work of ministers and takes all necessary measures to co-ordinate the decisions of the government. With the co-operation of the ministers,

he determines the programme and policies of the government and implements the law¹⁷. The ministers are responsible for their duties to the president and the Assembly, and also responsible for the actions of those matters approved by the Council of Ministers¹⁸ while he is also responsible to the Assembly for the actions of the Council of Ministers¹⁹.

Finally, the responsibility for national planning and budget as well as for state employment affairs has devolved on to the president though he may entrust the administration of these to others.²⁰

II)- The Government's Responsibilities in terms of Socio-Economic Development:

The provision of basic necessities for all citizens: housing, food, clothing, hygiene, medical treatment, education, and the necessary facilities for the establishment of a family is recognised as one of the basic criteria for the economy of the IRI ²¹. In this direction the following duties for government are stipulated by the constitution:

- "consideration of the need of society for different kinds of work, and to create equal conditions for obtaining it ²²;

" to benefit from social security with respect to requirement, unemployment, old age, disability, absence of a guardian, and benefits relating to being stranded, accidents, health services, and medical care and treatment, provided through insurance or other means, is accepted as a universal right. The Government must provide the foregoing services and financial support for every individual citizen by drawing, in according with the law, on the national revenues and funds obtained through public contributions."²³;

" free education up to secondary school, and must expand free higher education to the extent required by the country for attaining self-sufficiency²⁴;

" making land available for every Iranian individual and family to possess housing commensurate with his needs, in particular the rural population and the workers ²⁵; and

" the drawing up of the annual budget of the Government ²⁶.

III) The Legislative Structure of the Economy of IRI:

According to the Constitution the economy of the IRI is to consist of three sectors: State, Co-operative, and Private. The State sector is to include all large-scale and parent industries, foreign trade, major minerals, banking, insurance, power generation, dams and large-scale irrigation networks, radio and television, post telegraph and telephone services, aviation, shipping, roads, railroads and the like; all these will be publicly owned and administered by the state ²⁷,

The Constitution has provided the government with a wide range of public wealth and property, such as uncultivated or abandoned land, mineral deposits, seas, lakes, rivers and other public water-ways, mountains, valleys, forests, marshland, legacies without heirs, property of undetermined ownership, and public property recovered from usurpers²⁸. These are at the disposal of the government for utilising in accordance with the public interest²⁹. Meanwhile the government should consider the following criteria:

-the prohibition of extravagance and wastefulness in all matters related to the economy, including consumption, investment, production, distribution and services³⁰ ;

-the preservation of the environment, in which the present as well as future generations have a right to flourishing social existence ³¹;

-prevention of foreign economic domination over the country's economy ³²;

-the protection of ownership in all three sectors of the economy ³³.

IV) The Constitution and the Socio-Economic Planning:

The Constitution has placed a great emphasis on "systematic and sound planning" as an indivisible component of the economic system not only for the government but for two other sectors of the economy³⁴. The main objective of planning in the IRI is defined by the Constitution as an attempt to establish a correct and just economic system in accordance with Islamic criteria in order to create welfare, eliminate poverty, and abolish all forms of deprivation with respect to food, housing, work, health care, and the provision of social services ³⁵.

The planning activities of the government should be on the basis of the following criteria:

-considering the right of every individual to choose any occupation he wishes "if it is not contrary to Islam and the public interests, and does not infringe the rights of others" ³⁶;

-considering the right for every individual to choose any place of residence he wishes"; no one can compelled to reside in a given locality ³⁷;

-sufficient leisure and energy - for every individual - to engage beyond his professional occupation in intellectual, political, and social activities leading to the all round development of his self, to take an active part in leading the affairs of the country, improve his skills, and to make full use of his creativity ³⁸;

-prohibition of concentration or circulation of wealth in the hands of a few individuals or groups ³⁹;

-the public wealth and property is at the disposal of the Government and "it should ensure the conditions and opportunities of employment for everyone, with a view to attaining full employment but " the government should not turn into "a major absolute employer"⁴⁰;

V)The Constitution and Regional Planning and Development:

Perhaps the constitution's views regarding the regional development best could best be understood in the article 48:

"There must be no discrimination among the various provinces with regard to the exploitation of natural resources, utilisation of public revenues, and distribution of economic activities among the various provinces and regions of the country, thereby ensuring that every region has access to the necessary capital and facilities in accordance with its needs and capacity for growth".

Meanwhile "in order to expedite social, economic development" and "facilitate other affairs relating to public welfare with the co-operation of the people according to local needs" a Constitution stipulated over establishment a hierarchy of area councils at the: " the Village, Division, City, Municipality, and Provincial" levels. Members of these councils "will be elected by the people of the locality in

question". The main criteria for qualifications of the system is defined;" to preserve national unity, territorial integrity, the system of Islamic Republic, and the sovereignty of the central government"⁴¹.

This system will be supervised by the *Supreme Council of the Provinces*, and the main duties of this Council are:"to prevent discrimination in the preparation of programmes for the development and welfare of the provinces, to secure the co-operation of the people, and to arrange supervision of co-ordinated implementation of such programmes"⁴². In addition the council " has the right within its jurisdiction, to draft bills and to submit to the Islamic Consultative Assembly, either directly or through the government. These bills must be examined by the assembly"⁴³. Finally the Constitution urges the governors of the various levels of the hierarchy of area councils to abide by" all decisions taken by the councils within their jurisdiction"⁴⁴.

It is worth mentioning that this decentralised approach of decision-making would tend towards a centralised system when the Constitution stipulated that;" All sums collected by the Government will be deposited into the government accounts at the central treasury"⁴⁵.

3-The System of Decision-Making in Practice:

Historically, Iran has had a centralised system, "in its long history the country was sometimes divided into as few as four or to as many as forty provinces" ⁴⁶. At present the country is divided into 25 provinces - Ostans . Each province consists of several counties - Shahrestan. The next administrative division is district - Bakhsh - which includes several central villages - Dehestan, while the last is combined from several villages - Deh.

In 1986 Iran had 24 ostans, 195 shahrestan, 496 shahr, 500 bakhsh, and 1581 dehestan and nearly 60 thousands deh. In 1993 the number of cities had reached to 507 and in 1994 the Ardebil had been recognised as the 25th province of the country ⁴⁷.

At the top of the regional system the Central Government has an absolute domination over the whole system. The sectoral decisions are mainly made by the minister of each sector under the responsibility of the president.

There are three approaches for co-ordination of the multi-sectoral decisions;

I) the Council of Ministers; the interaction between various aspects of such decisions would be considered by this council;

II) the Thematic Supreme Councils; which are formed in such areas of decision making either with strategic significance - i.e. the Economic or Cultural Supreme Councils - or because of the mixed nature of the subject matter of policies - i.e. the Urban Development or the Industrial Towns Supreme Councils. The ministers relevant to the subject are the members of these councils which all are headed by the president of the IRI. In addition for careful technical evaluation of the policies these councils are to be commissioned by the committee of technical advisors with a membership of highly qualified experts of the ministries relevant to the subject. The decisions of these councils are regarded as the decisions of the Council of Ministers, thus they are indispensable for all governmental agencies.

III) The Plan and Budget Organisation; which is responsible for co-ordination of the various government's agencies by means of the budget mechanism at the stage of allocation of financial resources to the development programmes.

It seems necessary to mention that at the central level the administrative structure of the government has not made anybody responsible for managing the trend of the regional development, neither for regionalisation of the development decisions, nor for co-ordination of the regional development process.

At the regional level, despite the strong emphasis of the Constitution, the hierarchical system of area councils has not yet been established. At the provincial level all ministries - except Ministry of Foreign Affairs - have an administrative subdivision,

headed by the General Director who is appointed by the relevant minister. He also supervises the provincial subdivision offices of his own sector, which are located at the centre of each Shahrestan of Ostan. The head of provincial administration is Ostandr or the governor of the province who in fact is the general director of the Interior Ministry. Although he was appointed on the suggestion of the Minister of Interior and the approval of the government, he lacked any appropriate authority over the sectoral general directors who they are under the direct supervision of sectoral ministry at Teheran.

Obviously such a system of provincial administration could never play an efficient role for an adequate consideration of the regional development policies for the following reasons:

1-the suitability of the administration for the needs of the provincial development is doubtful because the system was imitated from the central government administrative structure as it has pointed out by some critics:

"administrative structures in the regions were replicas of central ministries with no special orientation to the needs of the area or to the potential of the region"⁴⁸

2- the chronic attitude in the bureaucracy towards an ever increasing role of Teheran as a centre of a centralised system of decision-making would have been intensified by such a regional structure of the government. Not only it does prevent the appearance of a generation of competent regional or provincial decision makers, it would frustrate the existing potentials:

"even highly placed people sometimes moving from Teheran to the provinces would soon reconcile themselves to the existing tradition of looking to Teheran for all decisions"⁴⁹

3- incompetence of the regional administration for control of a co-ordinated process of the regional development. This administration could be defined as juxtaposed units representative of the central government agencies which reciprocally isolated each

other. This is because the commitment of any component of the regional system to the central office is much stronger than their propensity to conciliation with other regional units. In other words, the vertical forces of the centralism would frustrate horizontal forces for co-ordination among regional administrative units.

4- the undefined division of labour between the central and provincial level in the process of decision-making.

Historically it was assumed that the central level should concentrate on the strategic or more significant decisions. Therefore several attempts at regional devolution of authorities have been limited to the ordinary problems of the regional development. Although the regional committees have functioned, particularly in the current decade, they had a limited contribution in the formulation of a main development policies.

Finally, regarding the lack of a responsible body at the central level for management of the regional development process, and also the inability of the provincial administration for making a co-ordinated development policies, it could be inferred that no administration structure is provided for control of the regional development process. Therefore, the question of the regional development should be analysed through the procedure of the preparation of the national development planning.

4-The Mainstreams of the Development Planning:

Iran similar to many developed and developing countries has enjoyed two streams of planning;

1- the physical planning, which includes the master plans for urban areas with nearly forty years back ground;

These plans are concerned with the control and guiding of the physical aspects of the urban areas according to the estimation of the population of the area in question in the long-term, and also with the appraisal of the potentialities and constraints for the development of the area. These plan are mainly designed by the consulting engineering

firms under the supervision of the Ministry of Housing and Urban development and are to be ratified in the Supreme Council for Urban Development.

2- the national socio-economic development plan; which embraces the medium-term macro-economic framework and sectoral investment plans with nearly fifty years experience.

The P.B.O is responsible for preparation of this plan which eventually should be passed by the parliament.

Therefore, there are two main agencies responsible for planning within the administration of the Government at the central level; however, there has not been - and still is not - an appropriate functional inter-relationship among them. It seems that they have achieved to an undeclared compromise among themselves. For instance the economist never questions the physical planners about the financial weight of their decisions, while reciprocally the physical planners have never asked economists about the locational or regional dimension of their decisions.

Nevertheless the stream of physical planning is a decentralised one having been preoccupied with local problems in geographically fragmented areas - the location of cities under planning. In contrast the economic planning is a centralised stream of planning which has concentrated at the national level and no attempts have been made at bringing these streams closer. Their isolation would never be disturbed unless the other side trespass to their assumptive realms . For instance whenever the physical planning tends to extend its coverage to the national level or the economic planning makes decision to determine the regional policies they will be envisaged by the reaction of the other one. The former incident could be illustrated in the historical dispute between the MHUD and the P.B.O over the responsibility for regional planning and the example of the latter is the dispute between P.B.O. and MHUD over the responsibility of the national spatial strategy plan. Not surprisingly both streams of planning claim their right over absolute responsibility for regional planning. Since 1975 after the approval of the Law of Changing the name of the Ministry of Development and

Housing there has been a long standing area of contention between these two planning institutions. In chapter six this conflict will be discussed in detail.

However, despite the legitimate ground for preparation of the national master plan by the MHUD, and also the similar right of P.B.O. for preparation of the National Spatial Plan, at the national level the macro-economic planning has been the dominant planning activities. In the last 45 years eight out of ten attempts at preparation of the national plan have achieved the parliamentary approval, while none of the few attempts at preparation of the national master plan has yet been regarded as an official planning document. Regarding the concern of this research, the Plan and Budget Organisation will be introduced.

5-The System of National Economic Planning:

Among those two streams of the planning due to the concern of this research the system of preparation of the national socio-economic development plan will be discussed here.

The new system of planning was introduced in 1981 and the First and Second post-revolutionary plans were produced by such a system of planning. The system mainly is formed from two types of the planning committees:

a) Sectoral Planning Committees - SPC - which are located at the centre of the system of government at Teheran, each formed by the heads of various sub-sector under the main sector's minister.

b) Regional Planning Committees which include the Provincial, County, District, and Village planning committees. As it will be discussed in chapter Five in reality except at the provincial level other regional committees have not yet been established. Thus the Provincial Planning Committees - PPC - are the main regional committees for planning.

At the head of the planning system the Supreme Council of Economy - SCE -

supervises the whole system through its secretariat administration, the Plan and Budget Organisation - PBO - which in reality could be defined as a master mind of development activities in the country. All planning committees - either SPCs or PPCs - have the sectoral or regional representative of the PBO as the secretary of the committee.

At the central level these representatives are being co-ordinated by the National Planning Head Quarters - NPHQ - which is headed by the Director of the PBO. The administration of the PBO's Deputy for Economic affairs functions as a motivator of the system. All instructions concerning the method of preparation of the plan as well as procedure for conducting the planning activities - either in the sectoral or regional committees - are produced under this administration. Undoubtedly, the Macro Economic Bureau is a most significant unit of this administration, which has the responsibility for determination of the main assumptions of the national plan and formulation of the macro-economic plan.

Meanwhile at the regional level the Provincial PBOs are functioning as a secretariat of the PPC which is headed by the Ostandar - the governor of the province - and formed by the general directors of the provincial's sectoral offices.

It is necessary to mention that the existing procedure of preparation of the plan will be analysed in chapter Five. Here the Plan and Budget Organisation, as the master mind of the planning system, will be explained as follows.

6-The Plan and Budget Organisation:

Undoubtedly the Plan and Budget Organisation - hereinafter P.B.O - which has been called "**the nerve centre of the public administration in Iran**"(Namazi-p.254) has been - and still is - a most significant governmental agency for development policies and planning activities. The history of P.B.O could not be studied apart from the history of planning in Iran.

" The law of the First seven-year development Plan established both

the plan and machinery of planning".⁵⁰

The duties of this organisation had been defined in article 8 as follows:

''preparation of the detailed maps, programmes, budget, and executive instructions of the parliamentary approved plan;

''technical and financial supervision over the implementation of the plan

''improving the co-ordination and co-operation among various governmental agencies.''

Therefore the office which previously had been established namely as the **Office of General Bureau of Plan** started to work under the title of the **Provisional Plan Organisation** in October 1948.

Although the report on the establishment of the organisation had concluded that the organisation **"should not be given executive powers"**⁵¹ soon after the inception of its activities its **"initial choice went heavily in the favour of an independent executive agency"**⁵² rather than through the administration of the government as a co-ordinator or a supervisor administration. Therefore during the first decade of its existence it became a powerful development agency though it had been recommended preventing the establishment of **"a government within the government"**⁵³. In 1958 the review of the Plan Organisation Programme was started by the newly established Economic Bureau. The results of review as published under (the 1960 Programme review) **"played an important part in broadening the conception of Iran's development effort"**⁵⁴.

Furthermore the major change in the duties of the organisation was elimination of its executive power, thus since the Third Plan - 1962 - the Plan Organisation became closer to its original intent **"to be a rather orthodox planning and co-ordination body"**⁵⁵ with more concentration on its initial objective of building up the planning competence of the ministries. It is worth mentioning that the first two seven years national development plans had been prepared by a foreign consultant outside the Plan

Organisation.

The Economic Bureau was established mainly for the preparation of the development plan within the administration of the Plan Organisation. Simultaneously more emphasis was given to the duty of supervision of the function of the various ministries - as another principal responsibility of the organisation - and appropriate supervisory units were created for investigation of the function of various ministries.

In April 1964 the Third major responsibility of the organisation emerged "the entire budgetary function of the Ministry of Finance was transferred to the Plan Organisation"⁵⁶ and afterwards it was called the Plan and Budget Organisation - hereinafter PBO .

In 1975 the Centre for National Spatial Planning - Markaz-e-Amayesh-e-Sarzamin - was established by the PBO for two purposes:

- to create a long term perspective for covering medium-term development plans; and
- to regionalise the national plans on the basis of the pre- determined spatial development strategies.

Ironically the same year the Law of Change the Name of the Ministry of Housing and Development conceded the similar legitimate responsibility to the new Ministry of Housing and Urban Development - hereinafter MHUD - under the National Master Plan. Therefore this duty has never been serious for PBO until 1991 when the results of the regional Planning Bureau of PBO convinced the planning authorities both of the necessity of the national long term spatial plan and of the competency of PBO for the preparation of the plan, the decree of president assumes this duty as official responsibility of the PBO . However this new duty has not yet influenced the administrative structure of PBO.

6-1)The Structure of the PBO:

Since the inception of the PBO, it has been recognised that it should be regarded as a polytechnical and multi-dimensional organisation. Moreover, due to its responsibility for planning, budgeting, and supervision of the implementation of development plans, rationally there should be some similarity between the PBO's structure and the whole government central administration. Thus, historically there has often been a sectoral bureau - or a sectoral group of experts - parallel to each ministry - which equal to various sectors of the economy - inside the PBO for co-ordination of the main activities of the ministries concerning the tasks of policy-making, planning, budgeting and also for investigation of these activities in practice. Therefore the PBO's organisational form is a miniature of the government administration.

The PBO's organisational form during its history changed several times, however, each change could indicate one dimension of the system of decision making in Iran. The organisation has had various positions within the administration of the central government:

- Plan Organisation (1948-1964) under the management of the Managing Director and the supervision of the High Council and board of Control;

- Plan and Budget Organisation (1964- 1984), Under the managing Director, and supervision of the Supreme Board of Planning and board of Control;

- since 1973 under management of a Minister without portfolio as the deputy of Prime Minister for PBO and supervision of the Supreme Council of Economy;

- Ministry of Plan and Budget (1983-1987), under the minister with portfolio;

- Plan and Budget Organisation since 1989 under the Director of P.B.O as Deputy of IRI's President.

Internally, the organisational changes could be summarised as various combinations of sectoral units under the three main functions of the PBO - planning,

budgeting and supervision. For instance at the early organisational form of the Plan Organisation, each of the three main functions was under a relevant functional deputy of PBO - i.e. the Deputy for Planning and like. This type of organisation was criticised because of separation of the planning function from the budgeting and investigation functions. Therefore since 1983 the sectoral bureaus were organised under three permanent sectoral deputies, such as; productive, infrastructural, and social services and public sectors. Instead the tasks of Planning and budgeting are carried out according to the periodical arrangement . Meanwhile it has been assumed that the supervision is a permanent duty of each sectoral bureau.

In 1995 the organisational form of the PBO was formed from 8 deputies as it is illustrated in the next page.

-Deputy for Economic Affairs, which is the second highest position of the PBO and is responsible for planning and budgeting activities. His administration consists of six bureaus including; the Macro-economic, Integration of Plan and Budget, International Economies bureaus.

- Sectoral Deputies, which are as the follows:

▸ the Deputy for Productive Affairs with four bureaus including; Agriculture and Rural Development, Water Management, Industries and Manufacturing; Mineral and Metallurgy management, and Trade

▸ the Deputy for Infrastructural Affairs, with bureaus such as: Housing and Urban development, Energy, and Communications; and

▸ the Deputy for Social Affairs with bureaus such as: Education and Research activities, Health and welfare, Cultural activities, and Defence and public Affairs.

▸ the Deputy for Informatics; with four bureaus for co-ordination of the various systems used for planning , budgeting and supervision;

▷ the Deputy for Technical Affairs; who is responsible for qualification and co-ordination of the executive system of the public and private sectors.

6-2)The Administration of the Regional Planning at the Central Level:

The regional units of the central administration of the PBO have had various types of organisational forms in last years:

-1963, the first regional-oriented unit was formed under the Deputy of PBO for Planning namely the bureau for Management of the Area Development. This unit due to the nature of the regional development was considered to have a position separate from the sectoral units of the planning administration. Also a similar unit was established for the regional investigation of the sectoral projects under the PBO's Deputy for investigation⁵⁷. The main duties of this unit has been defined as the follows:

-identification of the regions with high potential for development and selection of areas for the preparation of a co-ordinated development plan; and

-improvement in the process of the establishment of a provincial planning bureau⁵⁸.

In 1968 for the first and the last time the bureau for '*Designing the utilisation of the territories*' was established, but in the organisational chart of the PBO in 1970 it has disappeared.⁵⁹ . In the same year the bureau for management of Area Development became one of the 12 bureaus of the planning deputy's administration without any distinction for its co-ordinative nature. However it returned to the former position in 1971 ⁶⁰.

In 1973 the improvement of the regional-oriented units of the PBO mounted to a higher degree when the PBO's Deputy for Provinces was established. The major duties of this new deputy was defined as:

-study and promulgation of the socio- economic development of the

provinces;

- the study of the regional resources and development potentialities for assisting the task of determination of the regional development objectives and formulation of the regional development plans;

- collecting the views of the regional authorities and investigation of their proposals regarding the regional development, and putting them into the plan and necessity control for implementation of those proposals; and

- assisting the process of organising the regional planning administration by providing competent personnels ⁶¹.

the administration of the new Pbo's deputy was consists of the three bureaus; the Bureau for Aerial studies, the Bureau for provincial Affairs, and the bureau for regional Methods and training.

In 1977 the Deputy of Provinces was eliminated in a new organisational amendment. The name of the Bureau for Area Studies was changed to Regional Planning Bureau and was transferred under the PBO's Deputy for Planning and Evaluation. In addition another regional-oriented bureau was established in the administration of this deputy, the Bureau for Amayesh-e-Sarzamin studies and research.

After the Islamic revolution, the decentralisation was considered to have a negative value, thus the provincial affairs achieved more significance. As a result it reflected the administration of the PBO by the establishment of a Deputy for Regional Affairs, but the regional-oriented units were retained under the deputy of planning. In 1980, these bureaus were integrated into the Bureau for Regional planning and National spatial planning. One year later, at the beginning of the activities for the preparation of the first post-revolutionary development plan, this new bureau was closed on the excuse of strengthening the provincial planning abilities. Thus the staff of the bureau were distributed between sectoral bureaus and some of them joined in the planning activities as provincial correspondents or co-ordinators.

In 1982, after preparation of the national plan the necessity of regionalisation of

the plan urged the planning authorities to restore the Regional Planning Bureau, and finally the Regional Planning Bureau - here after RPB - was reopened in July 1983 under the PBO's Deputy for Regional Affairs which now has 24 Provincial Plan and Budget Organisations and another bureau for the Co-ordination of the Regional Affairs.

It is worth mentioning that the main reason for restoration of the RPB was the government's clear decision to prepare a long-term national spatial plan for distribution of the resources of the plan as it was stated at the draft of the First Plan:

"The government should submit the national spatial plan four months after approval of the plan"

Interestingly although the title of the RPB had been confined to the regional planning, in practice the new administration of the RPB was organised in the manner necessary for preparation of the long-term spatial strategy plan.

6-3)The PBO's Provincial Administration:

The first step towards establishment of the provincial bodies for regional development was taken in 1953 when, according to the policies of the First Plan, the Development Organisation of the Dasht-e-Moghan was established. Thus the regional body came to the attention of the procedure of planning much earlier than the administration of the planning, while the Provincial Planning Bureaus came to existence in 1970 as the regional representatives of the PBO. Initially just four regional planning bureaus were established in North East - Khorasan, West - Kermanshahan, South - Fars, and Centre - Isfahan. The main duties of these bureaus were as follows:

- collection of data and producing regional socio-economic statistics;**
- formulation of the comprehensive development plan for the region;**
- investigation and evaluation of the function of the Government's regional executive agencies;**
- preparation of the proposals for more co-ordinated implementation of the development projects and programmes; and**
- preparation of periodical reports concerning the socio-economic status of the region .⁶²**

In 1972 the number of the regional planning bureaus was increased to 17 bureaus. The Fifth Plan covered all the country by 23 regional planning bureaus at the centre of the provinces. This is the year in which the central administration of the PBO, the Deputy for Provinces, was created for co-ordinating these bureaus in the country.

Perhaps the most significant decision concerning the provincial planning administration was made in 1981 when the Provincial Plan and Budget Organisations - hereinafter PPBO - had been created through the merging of the Provincial Statistics bureaus and the Provincial Planning Bureau in each province of the country. Among the duties of the PPBOs the following are related to the planning activities:

- preparation of the provincial comprehensive data and information and having them updated;**

- preparation of the comprehensive reports on the socio-economic and cultural status of the province;**

- study and formulation of the provincial development plans for short, medium, and long-term as well as the annual budgeting proposals;**

- guiding and managing the planning activities of the government's provincial executive administrations;**

- investigation of the problems concerning with the implementation of the development plan within the boundaries of the province; and**

- regional analysis and evaluation of the nominated national projects with more significance; either for the government or for the private sector's investments.⁶³**

Following the upgrading of the regional planning units their administration has been expanded. In 1984 the PPBOs administration was divided the two deputies; for planning and budgeting, and for statistics and informatics. The PPBO's Deputy for Planning and Budgeting had had five technical groups under his supervision such as; productive affairs - sectors - infrastructural sectors; social services sectors, public affairs, and integration of the plan and budget.

In 1991 this deputy's duties were split between the deputy for co-ordination and

planning and the deputy for budgeting and investigation. The former has three technical groups such as; the study of economic affairs, the statistical research and informatics, and education. Meanwhile, latter has four groups such as; the productive affairs sectors, the infrastructure sectors, the social services sectors, and the group integration, co-ordination and investigation⁶⁴.

6-4)The Analysis of the Organisational form of the Regional Planning:

a) AT THE CENTRAL LEVEL:

As explained the PBO has mainly been structured on the basis of a sectoral ministry-oriented pattern of organisation. In such a system the intersectoral units would be faced by the problem of co-ordination of sectoral decisions on the basis of an acceptable degree of consensus among the units.

Undoubtedly the regional planning bureau with respect to the multi-disciplinary nature of its content has been a major source of either internal or external conflicts for an organisation such as the PBO. This bureau due to the nature of the regional problems has had sectoral units similar to the sectoral bureaus of the PBO. Thus it could be regarded as a miniature of the organisation of the PBO⁶⁵; therefore if the RPB functions soundly it would be a PBO within the PBO which it is concentrated on the regional aspects of the national development while the main PBO having been preoccupied with sectoral aspects of national development. This has brought about a high potential for internal conflicts between the RPB and the sectoral bureaus regarding the regional policies for a given sector or sectoral policies for a given region.

Externally, apart from problem similar to those of the sectoral bureaus with sectoral ministries, there has been a long standing dispute between the PBO and MHUD over the content and the style of a national plan for guiding the distribution of the population and economic activities. The former has insisted on the preparation of the plan according to the Iranian version of National Spatial Strategy Plan - Amayesh-e-sarzamin - while the latter has had more tendencies towards the designing of the national plan with the standards of the urban master plan. Obviously the PBO's

bureaus are not seriously worried about these differences except the regional bureau; therefore whenever the regional bureaus take a step towards Amayesh-e-Sarzamin the quarrel between the two main planning agencies of the government will intensify.

Historically, for several reasons there has not been any systemic organisational interactions between the RPB and sectoral bureaus, mainly because of the system of the national planning and the organisational form of the planning administration. The RPB planners have always regarded themselves as the experts on regional problems rather than the sectoral experts concerned with a given region. Also they regarded their administrative position as the intersectoral units catalyst for co-ordination and integration of the regional aspects of the sectoral development policies. In contrast the sectoral bureaus have often regarded the RPB as responsible regional experts for the development policies of their sector, but the limited number of the regional planners of the RPB would have not been able to investigate and analyse a wide range of sectoral problems in all regions across the country. A rational and practical position of the RPB within either the organisation or the procedure of the planning has not yet been recognised proportionately by the rest of the PBO's central administration. This had been pointed out by a regional planning analyst:

" The established centralised decision-making process is strengthened by the highly sectoralised planning system. Thus the regional planning system had to cope with the outside resistance of ministries, but also with the sectoral departments of the Plan Organisation. The latter were often able to negate and undermine regional planning from within even more effective[ly] than the ministries"⁶⁶.

Finally, if national planning claims a regional-sectoral approach to the planning (see the definition of a comprehensive planning system in chapter seven) it should be reflected in the organisational form and relations of the regional planning units. Not only at the central level has the RPB had a limited and marginalised organisation, there is no powerful and adequately authorised body for co-ordination of the sectoral-regional relations within the central organisation of the PBO.

b) AT THE PROVINCIAL LEVEL:

However, the statistics shows that the regional planning administration has been expanded from 40 staff in 1971 to 548 staff in 1977 - the year before the revolution - and to 1976 staff in 1990⁶⁷. Although the post-revolutionary increase emanated from the merging of the provincial statistical bureaus and regional planning bureaus, if the 1987 policy of optimising the government administration permitted it was more expanded than the existing situation. Generally, as it will be explained in the coming chapters, the expansion of the regional planning administration has not occurred because of the increasing significance of the regional dimensions of the sectoral decisions at the national level, but because of the strengthening of the PBO's administration for local function.

Despite considerable attempts at participation in the process of the preparation of the plan after the revolution, they failed to influence the centralised system of decision-making in practice. In effect the outcome of their planning function has not efficiently changed in comparison with the pre-revolutionary period. The recent experience shows that the regional system could not have lived up to the expectation of the pre-revolutionary organisers of the system such as was explained by Namazi:

"At the provincial level, planning units have been set up as viable branches of the Plan Organisation. With respect to regional plans and projects, they have been vested with the authority and responsibility of PBO, with a few innovations, especially delegation of decision-making authority, some of the able talents of PBO have been attracted to the field. These units, which are very slowly but very definitely developing their staff, have a key role to play in the new process, some of them are now moving gradually to comprehensive planning. They thus provide the needed staff support at the local level."⁶⁸

Perhaps the reason lies in the last sentences -that the system initially was intended to be a local-oriented system rather than to be a system of co-ordination and integration of national-regional and sectoral-spatial aspects of the socio-economic development plan as might be expected from a comprehensive system of development planning.

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56. Ibid.
57. For above explanations see "*Seir e Tahavvolat Tashkilat e Sazman e Barnameh va Boudge* - The process of organisational changes of the Plan and Budget Organisation", PBO, Teheran, First Edition, 1992.
58. Ibid..p.51.
59. see Ibid.57. pp.57-62.
60. Ibid..p.4.
61. Ibid.57.p.68.
62. Ibid..p.104.
63. Ibid..p.110.
64. Interview 1992.
65. Interview 1992.
66. Ibid.48.
67. Ibid.57. op. cit,p.118.
68. Ibid.48.

CHAPTER FOUR:

The Summary of National Development Plans in Iran

- the pre-revolutionary period*
- the post-revolutionary period*

CHAPTER FOUR:

THE BACKGROUND OF NATIONAL DEVELOPMENT PLANNING IN IRAN:

Introduction:

This chapter presents an overview of what the national economic plans have tried to do in last 45 years. The main purpose is to explain the characteristics of plans and a general feature of the planning environment. This chapter will be divided into two sections: Section One is related to the pre-revolutionary period from 1948 (1327) to 1979 (1357), and Section Two is related to the post-revolutionary period since 1980 up to now. As it mentioned in chapter one however, that there is a considerable amount of literature concerning the introducing and analysing of the National development plans in Iran. What will be explained here is merely related to those parts of information needed to establish a general knowledge about national planning for a better analysis of the regional aspects of these plans on the basis of the hypothesis of the research. Therefore, the information would concern;

- a)the short history of the preparation of the plan or any peculiarity concerning the preparation of the plan;
- b)the quantitative and qualitative objectives of the national plan;
- c)the main characteristics of the plan; and
- d)the outcomes and results of the plan.

This chapter also should be divided into the two sub-periods:

- 1)The period covering by the First and Second Plans(1948-1962); and,
- 2)The period concerning the Third to the Sixth development plans (1962-1979).

SECTION ONE:

The Pre-Revolutionary Period (1948-1979):

The First Period: The First and the Second Plans of 1948 and 1954:

Iran has had a record of almost fifty years of continuous efforts in planning, perhaps one of the longest history of planning among the developing countries. Although some authors attribute the appearance of the planning activities in Iran in the late 1940s to the foreign influences - especially from the United States of America - undoubtedly the first initiative was taken by the Iranian government before the World War II. The inception of the development planning efforts dates back to 1937 when the necessity for preparation of a national development plan was recognised by the government. The more significant events in the history of Iranian national development plans could be listed as follows:

1937: the approval of the establishment of the *Economic High Council* by the Council of ministers according to the suggestion of the General Office of Trade for preparation of economic plan towards modification and improvement of the economic status of the country ¹;

1937(July): the establishment of a *Permanent Commission for Preparation of National Economic Plan* by the Economic High Council; because of the beginning of the World War II the planning activities was stopped;

1944(July): restoration of the Economic High Council through the approval of the government with the duty " to prepare a general economic plan for the country" on it was patterned on a decree used in 1937 to establish a body called the Trade Council ²;

1945: establishment of the *Committee for Preparation of a Draft* that would deal with some general aspects of such a plan, within the Bank Melli - National Bank - by Mr.

Ebtehaj the Head of the bank, the man who was the secretary of the Trade Council in 1937;

1946(April): establishment of an ad hoc government commission for the purpose of **studying the country's economic potential and formulating a general development plan** within the Ministry of Finance under the name of "*the Commission for Drafting Plans for the Development of the Country*" by Mr Qavam's government ³;

1946(Summer): **presentation of the draft plan** -including the proposals of various ministries - as a skeleton scheme of public expenditure in certain development fields; which became the First Plan three years later;

1946(Aug): formation of "*the High Delegation for Planning*" under the supervision of the prime Minister for investigation of the proposals of the ministries. The delegation soon recognised that the financial abilities of the country could not cope with the size of the plan ⁴;

1946(Oct): Application of \$ 250 million from **the International Bank for Reconstruction and Development** by the Iranian Embassy at Washington D.C. for covering the financial deficits of the government towards providing needed resources for implementation of the plan⁵ . The bank asked about the "*bankable*" projects and details of the plan and the economic appraisals of the nominated programmes and projects of the plan⁶ ;

1946(Dec.): the conclusion of a contract between the Iranian government and **Morrison-Kenudsen International** - an American engineering firm - **for preparation of an economic development programme** that would be acceptable to the World Bank for financial assistance⁷ , and generating the list of candidate projects of the plan - according to the suggestion of Mr Thornburg ⁸;

1947(July): completion of the report on nominated projects and programmes which could form the basis of a development plan ⁹;

1947(Oct): the evaluation of the report by **Dr Moshref Nafisi** according to the appointment of the government about the further action towards proceeding the planning efforts¹⁰;

1948(Sept.): the establishment of the General Bureau of Plan under directorship of Moshref Nafisi. This Office was named later the Provisional Planning Organisation.¹¹;

1948(Oct): completion of the contract with the Overseas Consulting International a specific consortium of American engineering firms - it was originally formed to work in Japan at the suggestion of Thornburg unofficial American advisor¹² or at the International Bank for **finalising the plan**¹³ through framing the general framework of the plan and generating the list of nominated projects and programmes;

1949(Aug): completion of the report on the **First Seven-Year Development Plan** and submission to the government ¹⁴;

1949: the plan was presented to the parliament for approval by the government¹⁵,

1949(May): the presentation of the government bill on the planning according to the results of Moshref Nafisi's investigation on the report of the Morrison Kenodson International on the general framework of the national development plan;

1949(May): approval of the proposed bill of the government concerning a general framework of the plan by the parliament;

1949(Aug): Submission of the reports on the results of a survey of Iranian Investment requirement in five volume¹⁶ ;

1949(15th Feb.): the enactment of the Law of the First Seven-year Plan by the parliament¹⁷;

The First Plan(1949-1955):

a)the contents of the plan:

The First plan, finally was presented to the government as a seven-year plan for "**Iran's Reconstruction and development plan**"¹⁸. It was mainly based on Moshref Nafisi's. The plan took the limited form of specific spending targets for six sectors of the economy¹⁹. Thus it was a partial plan and was not concerned with the objectives covering the entire country²⁰. The main strategy underlying the plan was explained as follows:

-to raise the national standard and level of living, to achieve greater equality of income distribution and above all, to attain these goals via a pattern of multi-sectoral growth²¹. The size of investment after a number of reviews and revisions, for the projected expenditure of plan was estimated at some 21 billion Rials²², and was financed mostly by the oil revenues becoming earmarked by law²³. The Projects of the First Plan were executed under the direct supervision of Plan Organisation.

b)the concept and methodology of planning:

The First plan could hardly be called a national economic plan as it was essentially financial allocations set aside for specific public sector projects²⁴. In fact it was a collection of the "high prestige" projects - mainly in infrastructure sectors - mostly drawn up by an American consultant company²⁵.

Although the First Plan has never been fully executed, there is considerable literature concerning the evaluation and critics of the plan.

Both the objectives and the methodology of the plan have been criticised by some analysts. Most critics have mentioned the **limited conception** of the plan. The lack of "*comprehensiveness*" in many aspects:

-it was limited to government expenditure; the investment by the private sector was not being taken into account;

-it was limited to spending-allocation; other macro-economic variables such as saving, inflation, and employment had not been calculated;

-it was limited to some sectors rather than the all sectors of the economy;
and

-it had limited objectives; it did not reflect any explicitly defined set of policy objectives, " it said nothing about specific goals for the country²⁶.

" it was not a comprehensive plan concerned with the over-all pattern of saving and investment, public and private as " a programme of government expenditure", and even furthermore as "spending allocation for Plan Organisation" or " it was what Plan Organisation did"²⁷.

Obviously as a first experience the **"planning methodology"** should not be expected to be very advanced. There were many factors to be considered such as unreliable required information, the shortage in experienced planners, the resistance from political forces against planned decisions, all were involved in the shortcomings of the plan.

"It cannot be denied, however, that the task of designing a good development plan in Iran at the time was difficult"²⁸.

The allocation of resources was not determined on the basis of any particular investment criteria. It definitely had not applied any econometric models. In technical terms the expenditure of the plan was accounted on the basis of total marginal costs of the development projects. Despite these weak points the plan had many achievements.

c) the organisational form of the planning process:

The law of the First Plan was the outcome of four years of discussion and negotiation²⁹. Although most schemes of the plan had been prepared initially by independent consulting engineers or equipment suppliers³⁰, many projects were not fully worked out before the plan started³¹. Basically there has not been a strong belief in required studies for selection of the projects, **"The Plan Organisation's officials were reluctant to spend money for individual project studies"³²**. Even in the first two years of operation the Plan Organisation was preoccupied with drafting specific projects³³.

d)the implementation of the plan:

Due to interruption of the oil revenues - as a political consequence of the nationalisation of the oil industry in the early 1950s - and also the failure of attempts to obtain a loan from the international bank, the First Plan was never fully implemented. Only about 16 percent of the scheduled appropriations was spent during the first five year of the plan³⁴.

The Second Plan(1955-1962):

The Second Plan was similar to the first Plan in many aspects such as; in general strategy, in either the concept or methodology of the plan, and the procedure of preparation of the plan, and the organisational form of the planning process.

Thus, here, after mentioning the main event concerning the period of preparation and implementation of the Second Plan, the other information about the plan will be briefly discussed:

1954: **resumption of oil production** after the collapse of Mossadegh's government ³⁵;

1957: devaluation of Rial and increasing 7.1 billion Rials money supply by the government which has been called " **Iran's first major economic boom**" ³⁶;

1962: introducing the **Economic Stabilisation Programme** for dealing with economic problems such as inflation that " **was prescribed by the IMF medicines**"³⁷;

a) the content and the concept of the plan:

The size of the expenditure of the plan was initially some 70 billion Rials which was later increased to 84 billion Rials - about \$3000 million³⁸. Nearly 20 per cent of capital formation was provided with the foreign grants, public loans and credits. The bulk of the remainder was from oil revenues³⁹. The most part of the resources was allocated to the transport and communication expenditures⁴⁰.

Apart from over-all similarity between the concept of the First and Second Plans, the main difference was the tendency of the Second Plan to concentrate on the selected region. As will be explained later, it was inspired by the experience of the Tennessee Valley Authority's regional development strategy. Therefore Its distinguished planners were invited to Iran, and the idea of " **5 macro regions for the next five national plans**", as will be discussed in chapter 8, was introduced by Mr Ebtehad perhaps inspired by the doctrine President Roosevelt in his re-election campaign: "seven more TVAs for US". (Ebtehad, 1991, p.396).

b)the technique and methodology of planning:

In general this plan was also " **a set of independent projects, whose main commonality was they had been easy to identify**"⁴¹. Similar to the First Plan" the **investments for inclusion in the plan were chosen without any particular systematic framework in which their simulations impact could assessed and evaluated**"⁴². The nature of selected projects shows that "the overhaul tendency of the planners was to **select projects with low value added returns and low employment generation effects**"⁴³.

With respect to the lack of an integrated public investment programme the method of preparation has been called "**project-by-project**" approach, this has been the main"characteristics of the lack of a clearly defined development policy"⁴⁴.

c)the process of preparation of the plan:

The planning process was conducted mainly by Mr Ebtehad - the controversial personality of the Iranian planning history⁴⁵ - he individually made basic decisions concerning which region should be selected as a development ground or the location of major concentration of development investment, and the policy for preparation of the plan. The selected region for concentration of development efforts was Khuzestan in the south west of the country with high potentiality for primary and secondary sectors' activities. Similar to the first Plan the idea of carry out the necessary studies and preparatory activities by the foreign planners was followed. Hence the Second plan was prepared by *David Liliental*, who was famous for his work at the *Tennessee valley* development activities, and his partners in "**Development and Resource Corporation**"⁴⁶

under the name of , the **Khuzestan Development Plan**. Also technical detailed studies for various projects were carried out by the distinguished international experts (this will be discussed in more detail in chapter 8, p.317). Moreover Ebtehaj also called Ital Consult, who had achieved remarkable experience in planning activities in southern Italy - *Metzogiorno* . They were asked for a similar study on East and South East Iran for the next national plan.

d)the implementation of the plan:

Although, Ebtehaj was criticised for his excessive tendencies towards the foreigners, the results of these attempts - either planning activities or implementation of the projects under responsibility of the Plan Organisation - have been an undeniable success for the Second plan. As it was pointed out by Baldwin "**In general development projects well selected, well prepared, and well executed**"⁴⁷. Therefore Plan Organisation became the powerful central authority of development activities and it had been defined by many analysts and officials as" **a government within the government**"⁴⁸ .

The Third Plan(1962-1967):

A new era of planning in Iran was launched by the Third Plan. During the implementation of the Second Plan several steps were taken towards modification of the plan and the planning system. These events were:

1957: establishment of the **Economic Bureau** in the Plan Organisation by Mr Ebtehaj with assistance from the World Bank, Harvard University, and the Ford Foundation;

1958: the review of the Plan Organisation's programmes as a first and main task of the newly established Economic Bureau:

1960: submission of the results of the evaluation of the planning system under the title of "**the 1960 Programme Review.**"

1964:transfer of budgeting function from Ministry of Finance to the Plan Organisation.

a) the concept of planning and contents of the plan:

The major characteristics of the Third plan were attempts towards comprehensive scientific planning - on the basis of the recommendations of "the 1960 programme review".

The partial, independent, and rather haphazard pattern of the first two plans was replaced by a comprehensive and co-ordinated pattern of the Third plan. In addition, the development objectives were spelled out, the growth rate was specified, the main strategy of the plan was relatively delineated, the sectoral development targets were designated, the source of financing was determined, the change in employment was discussed, and finally the amount of private investment was forecast⁴⁹.

The total expenditure of the plan had been estimated at about 230 billion Rials for public and about 150 billion for the private sector⁵⁰. The average annual increase in gross national product was specified as 6 percent through a gross investment rate equal to 18 percent of GNP at an assumed capital output ratio of 3:1⁵¹.

The main objectives of the plan were:

- maximum employment;**
- improvement in national income distribution through socio-economic reforms;**
- maintenance of reasonable price stability accompanied by equilibrium in the balance of external payments⁵².**

The allocations of the resources were; 25% for communication, 21.5% agriculture and irrigation, 15.8% electric power and fuel, 12.3% industry and mining, 7% education, 6% health, and 11.5% for other sectors⁵³.

The oil revenues were the main source for financing the plan with nearly \$2305m⁵⁴.

b) the methodology and technical aspects of planning:

The Third plan abandoned the simple methodology of preparation of a national plan by using the economic models. However, the used model was a simplified model of **Harrod and Domar** type, with just one equation for balancing rational relations among **"rate of growth"** , **"investment"**, and **"saving"** .

It seems that the limitation of the statistics and the weakness of national accounts would not have permitted expansion of the model and addition to the number of variables and equations.

c)the process of the preparation of the plan:

In short after the framing the macro-economic plan for intra-sectoral allocation, the planning process did not provide objective guidance due to lack of adequate formal principles.

"In framing the Third Plan, only five sectors were initially used; soon after the sectors were defined each one was given a trial allocation and told, in effect, to propose how the sector would use it."⁵⁵.

In addition the ambiguity in the definition of investment **"as the expenditure of funds for the purposes spelled out in the plan"** permitted ministers to justify any resource utilisation in those fields which were probably not elaborated by the plan. This probably could be a principal cause for the chaotic sectoral allocation that influenced forthcoming plans, and still remained a problem of the sectoral allocation and regional distribution of the resources.

d)implementation of the plan:

a)the employment situation; due to the lack of detailed discussion on the subject in the plan, it is not possible to make an easy comparison between what the plan aimed at and what happened in reality.

b)the distribution of income; these results of this plan's objective could be better understood by the report of the Economic Research department of the Bank Markazi, in 1968:

"A look at the income distribution curve of the years 1338(1959) and

1344(1965) shows that in 1344 the curve has moved further away from the line of equal distribution".

c)the stability of the price ; according to the "Annual Reports and National Income of Iran:1959-77", there were no significant changes in the retail and wholesale prices. It seems that the plan relatively succeeded to meet its objective, as it has also been inferred by other analysts:

" the overall level of prices remained relatively stable during the period under consideration. "⁵⁶.

The Fourth Plan(1968-1972):

a)the concept and the content of the plan;

The Fourth Plan continued to expand its comprehensiveness by more elaboration of the content of the plan . The main attribute of this plan, perhaps, is its ambitious development strategies.

Firstly; the "import substitution" was delineated as a major strategy of the plan. Secondly the overall regional strategy of the national plan was described, and thirdly the problems of mobilisation of the population and urban trend was discussed.

The stated strategies of the plan were as follows:

- acceleration of economic growth in all sectors, but particularly through heavy industrialisation in the fields of basic metals and minerals;
- scientific water preservation and water development;
- rapid expansion of power generation;-
- a more equitable distribution of welfare services;
- decreasing dependence on foreign markets, on food stuffs, and on raw materials;
- export diversification in order to reduce heavy dependence on oil income;
- modernisation of production and management techniques particularly in agriculture;and

-improvement of administrative services through the introduction of far-reaching administrative reforms.⁵⁷

The quantitative objective of the Fourth Plan was to increase overall the real GNP by 9.3 per cent annually. The size of investment during the plan were for the public and private sector set at 810 billion rials (\$10.8 billion) - 443.5 billion rials (\$5.9 billion) by the former and 366.5 billion rials (\$4.9 billion) by the latter. The share of oil revenues in capital formation was nearly 70 per cent.¹⁵

b)the methodology and technical aspects of the plan:

The significant methodological change of the plan was its attempt to using the input-output tables. However this type of tables have been started in 1962 - the beginning of the Third plan - by the Statistics Bureau of the Ministry of Finance. In short the gross domestic products - which were assumed equal to the aggregation of the value added of the economic sectors - could be analyses on the basis of these tables through the calculation of the difference between the aggregate of marginal consumption and the aggregate cost of imports.

c)the procedural and organisational aspects of the plan:

Although the Provincial Planning Bureaus were established during the Fourth plan, in short no significant change could be observed in the procedure of planning.

d)the implementation of the plan:

In general none of the plan's main objectives had been achieved:

-employment; the actual employment generated was nearly 30 per cent higher than the projection of the plan⁵⁸;

-distribution of income; this goal was not achieved⁵⁹;

-the price stability; this was not fully achieved either;

-decreasing dependencies; because of 86 per cent increase in total imports during the

plan it seems the plan did not achieve satisfactory results;

-diversification of export; because of a decrease in the share of the manufacturing sector in total exports by industrial origin it can be concluded that this objective also was not achieved.⁶⁰

The Original Fifth Plan(1973-1977):

The Fifth Plan was a last plan prepared before a historical change in Iranian socio-political life; **the upsurge of oil prices in 1973**, thus it has a short life. It was substituted by The revised Fifth Plan after just one year from the inception of its implementation.

a)the concept and contents of the plan:

The Fifth Plan was a more ambitious plan than the Fourth plan. The main characteristics of this plan were its immense concern with the social justice and regional equilibrium. The plan was effected by the latter under the influence of the regional study which was seriously carried out during the Fourth Plan by the Battlle American Consulting Engineers.

The dominant concept of the planning was still macro-economic planning for managing the process of national economic growth, but at that time the plan aimed to expand this concept to the regional planning. The final objective was to provide a national-regional system of planning based on the macro-economic type of planning. In fact regional development was defined by the national planners, therefore their concept of a space-less economy was generalised to the regional planning. This experience will be analyses in Chapter Six in more detail.

In general, the plan called for a total fixed investment of 2406.4 billion rials, with 62.9 percent by government investment and the remainder 37.1 by the private sector. The objective of the annual growth rate of GDP was determined at 11.4 per cent.

The resource allocations were 20.3 per cent to education, 13.4 per cent to agriculture, 10 per cent to communication, 9.7 per cent to industry and mining, 6.5 per cent to oil, 5.8 percent to health services, and 5.5 per cent to water. The objective of the plan most emphasised was:

-expansion of social, economic, political, and cultural justice with particular attention to the more equitable distribution of the services among the groups of the society at all levels.⁶¹

Although the regional policies of the national plans will be discussed in the following chapter, the Fifth Plan has a immense concern for the regional aspects of the national plan as well as regional development per se. This could be better understood by the following objectives of the plan:

-achieving the quantitative target for regional GDP per capita for each of eleven territories of the country; or

-harmonising the investments and development activities at the regional level⁶².

b)the methodological and technical aspects of the plan:

The main peculiarity of this plan was an attempt at more reasonable distribution of sectorally allocated resources among the regions. Therefore generating the Regional Economic Accounts was the main pre-requisite of such change that was provided during the Forth Plan. The Fifth Plan relied on the results of this study and for the first and the last time the regional quantitative targets for growth of GDP per capita was determined the same as the Battles conclusions.

Although, for some authors it seems that it would have been, if this plan had used the results of the more improved 1972 input-output tables of the Ministry of Finance rather than the Fourth Plan ⁶³⁶⁴ but no evidence has been observed to explain it in detail.

c)the procedural and organisational form of the planning:

The planning procedure, by relying on the results of the regional economic

accounts, implicitly accepted the priority of the stage of the preparation of these accounts. Therefore the procedure of preparation of the national plan was changed by the Original Fifth Plan.

The Revised Fifth Plan(1973-1977):

This plan was also a comprehensive but more elaborate plan. The so-called "explosion of oil prices" in 1973 influenced the pattern. The government's revenue per barrel of oil had increased from \$ 1.85 to \$7.0 and one year later it reached to \$10.21. As result the government revenue increased from \$2399 in 1972 to 4858 in 1973 and to \$18523 in 1974 ⁶⁵.

a)the concept and the contents of the plan:

The plan had a wide range of economic and social objectives. Apart from those previously stated the new objectives were:

- to raise the quality of life for all social groups;**
- to preserve, rehabilitate, and improve the environment, and raise the quality of life, particularly in large centres of population;**
- to develop sciences and technology and to promote creativity and initiative;**
- to establish relative competitiveness in the production and export of industrial goods at the international level;⁶⁶**

Total government expenditure was set at 8,269.5 billion rials. The objective of the annual growth rate of GDP was increased by 25.9 per cent at same time the growth rate of the population was 2.9 per cent per year. The allocations of resources, based on the annual growth rates of sectoral output, were 15 per cent for oil, 18 per cent industry and mining, 16.4 per cent for services, and only 7 per cent for agriculture.

The comparison between allocations of the original and the revised Fifth Plan indicates the change in the pattern of development. Although the significance of agriculture had been neglected by the previous plans in favour of industrialisation, it should be noted that due to limitation of physical resources it could not have expected

a great share from newly increased resources.

The Battle style regionalism and regionalisation were abandoned by the revised plan, also the concept of regional quantitative objectives of the original Fifth plan was abandoned by the revised plan. Instead the policy of **Special Regional Projects** - the small projects at the local level which could be determined and implemented by the provincial authorities and forces - was introduced. This policy will also be analysed in Chapter Six.

b) methodological and technical aspects;

The Fifth Plan by pushing aside of the idea of a regionalised macro-economic planning system returns to the method of the Fourth Plan.

The Sixth Plan(1978-1982):

Although the Sixth Plan was faced by the revolution and was never implemented, it was a different plan in terms of methodological and procedural aspects, in favour of spatial and regional dimension of development. The concept of the planning was strongly influenced by the idea of the National Spatial strategy Plan or **Amayesh-e-Sarzamin**. This could be observed by the Sixth Plan policies when it was clearly stipulated that:

"the social and economic development of the country within the strategic framework of the Amayesh-e-Sarzamin"⁶⁷

Moreover for the first time the provincial appendixes were introduced by the plan. In addition the national investment programmes were simultaneously classified sectorally and provincially.

The main strategies of the Revised Fifth Plan were followed by the Sixth Plan. The main strategies of that plan were:

-The reduction of dependency on oil revenues through decreasing the portion of oil in the national economy;

- self-sufficiency in basic products of agriculture;
- decentralisation through providing the provinces with the necessary executive facilities and also proper allocation of resources to provinces;
- expansion of social, economic, political, and cultural justice, particularly more balanced distribution of income and facilities for all groups of the society.⁶⁸

b)methodological and technical aspects of the plan:

The Sixth plan relied more on the econometric models. Relatively improvement of the informatics and statistics system provided the economist with expansion of more sophisticated econometric models . A series of equations were devised for estimation and appraisal of: the government's expenditures; the private sector's consumption; the tax revenues ; the investment; the demand for money; the changes of interest rates; and the GNP. There for relations between macro-economic variables were calculated through the mathematical dependencies ⁶⁹

c)the procedural aspect and organisational form of the plan:

Procedurally the process of the preparation of the national plan was implicitly changed when the planning authority accepted that the planning activities should be based on the results of **Amayesh-e-sarzamin**. This required the prioritisation of formulating the national spatial strategy plan according to traditional macro-economic planning for better distribution of resources amongst the regions. Therefore all Provincial Planning Bureaus were asked to submit their proposals for provincial policies including nominated investment projects. In addition this change affected the organisational form of the planning by the establishment of the **Joint Committees for Sectoral-Regional Planning** that aimed" to co-ordinate the relations between the long-term objectives of Amayesh, the medium-term macro-economic planning and sectoral executive plans ⁷⁰. The function of these committees will be analyses in Chapter Four. Although the sectoral-regional exchange of views had never improved because the planning officials were reluctant to involve regional planners in the process of planning actively, the plan was the climax of efforts in regionalising the national plan in Iran.

The provincial appendixes of the plan which contained the general policies for provincial development and overall view of investment in the province during the period of the plan had never been seen in the pre-revolutionary and were never repeated in the post revolutionary periods.

CONCLUSION OF THE SECTION ONE:

The pre-revolutionary period of the Iranian planning history witnessed the gradual improvement of the planning in many aspects:

-the concept of the planning: changed from "the spending allocation of government on independent development projects" to " the comprehensive planning consists of all the economic sectors and covers both the private and public sectors;

-the qualitative content of development: changed from "development of the physical resources" to a more sophisticated pack of socio-economic development strategies;

-the quantitative content of plans: was started by nearly 20 billion rials and reached to some 10,000 million rials;

-the techniques and methodology of planing: also developed from " setting the easily recognisable development projects" to " determination of the rate of growth" and further to "optimising the interaction among the macro-economic variables". In other words from simple accounts to using the growth equations, input-output tables, and econometric models.

-the procedure of planning: changed from "a bottom-up approach from programming toward planning" to "top-down approach from planning toward programming" and also from "regional economic statistics" to " regional spatial organisation".

-the organisational form of planning: the First Plan prepared by the foreign advisors, but the Sixth plan was formulated by a comparatively well organised planning agency.

Notwithstanding these attainments the problem of regionalising the national plan remained unsolved. Indeed the Fifth and Sixth Plans had tried to deal with this task more seriously than other plans. Ironically, these plans have not adequately caught the attention of analysts; while there is a wide range of literature about other plans and little been said about these. The Original Fifth Plan tended to expand the macro-economic planning to the regional level. The regional quantitative objectives appeared for a very short time in this plan but it is not clear why the Revised Fifth Plan abandoned this idea. Was it because of the unreliability of the results of the Battle's regional economic studies ? Or it was due to increase of the investment resources and the fall of the significant economic appraisals rather than to the importance of spending the large amount of resources as much as possible? The Sixth Plan also relied on a long term national spatial strategy plan for more regionally harmonised distribution of the allocated resources. Again it is not clear that the emergence of Amayesh was because of its potential for introducing more investment opportunity - which was important to spend more and more resources - or because it came as a evolutionary approach for modification of the planning system. In Chapter Six these questions will be propounded with more interpretation. The more reliable conclusion at this stage would be the following:

a)the review of the pre-revolutionary national plans indicates that the planning efforts were incapable of systematic delineation of the "national-regional" relations. In chapter seven the "intersectoral" and "sectoral-regional" relationships also will be discussed.

b)the major characteristics of the pre-revolutionary national plans could be summarised as follows:

1-the plans were comprehensive in terms of either covering all sectors of economy or covering both government and private sectors investments;

2-the macro-economic based plans: the document of the plan mainly included; the optimised variables of the macro-economic plan; the text of overall strategies; and

allocations tables. The official document of the plans did not consist of the sectorally elaborated executive plans. This was the subject of the further planning agreement between the PBO and ministries;

3-the oil-financed development: all expenditures of the plans were mainly financed by the oil revenues;

4- a centralised system of planning; the provinces never actively participated in the planning process, except offering their development proposals or collecting regional information.

5-dominant strategies of the plans; "diversification of the exports", "self-sufficiency in basic needs", and "more equitable distribution of income" have been dominant strategies of development which have been stated implicitly or explicitly in all plans.

SECTION TWO:

Post Revolutionary Development Plans:

The preparation of a national plan was the major concern of the post-revolutionary's planning authorities soon after the establishment of a new regime in 1979. Although the regime in its first three years of life was always dealing with the wide variety of economic, social, political and cultural crises, the attempts toward planning were continued. The first two years were spent by the PBO in review and critical evaluation of the previous regime's planning heritage. Although a considerable number of experienced planners have democratically contributed in relevant discussions, the new system of planning appeared more to be a bureaucratic response to the situation rather than as a result of intellectual discussions. Nevertheless, both intellectual discussions and bureaucratic solution were strongly influenced by the forces of the post-revolutionary environment.

It was observed⁷¹ during that period, that as far as it related to the development and

planning debates, the main characteristics of the post revolutionary planning environment were:

a)the spirit of suspicion and pessimism; not surprisingly, the whole pre-revolutionary planning heritage was under strong criticism, for either its conceptual aspects or its results in practice. This environment would not have permitted some valuable attainments of the period under evaluation having simply been distracted by the sceptism and sensational evaluation. Particularly wherever the foreigners had made some intervention even as consultants, it was usually evaluated more negatively. In contrast some unrealistic pessimism was observed towards any idea which had not done in the past. In short, the political sensitivity of the early post-revolutionary period did blur the atmosphere of scientific evaluation;

b)the spirit of reconstruction and innovation; an extravagant enthusiasm was observed for a wide range of innovations and reconstruction including the redefinition of terms "Development" and "Planning" on the basis of the ideology of revolution;

c)the belief in democratisation of the process of decision-making; wider participation in the process of preparation of the national plan was recognised to be a significant criterion for new planning activities. Meanwhile the centralised system of planning was judged to have a negative value.

These tendencies made planning both an important and a difficult task while it simultaneously had to be adopted with the revolutionary criteria, and also had to be able to identify an appropriate approach towards desirable socio-economic development and to solve the socio-economic problems.

Notwithstanding the political and social circumstances i.e. the economic sanctions, the war, the internal unrest in west part of the country, finally the New Planning System (UPS) was approved by the Supreme Economic Council in January 1982. In addition the year 1361 (1982) was pronounced by the government as *The Planning Year.*

The overall feature of the NPS was discussed in the first section of the present chapter. The function and outcome of its regional bodies will be discussed in Chapter Four.

The Abortive First Post-Revolutionary Plan (1983-1987):

a)the concept and the contents of the plan:

The main characteristic of this plan was its particular procedure of the preparation of the plan, which marked by the widest ever participation of the regional planners. Although the initial stage of the planning process provided glimmers of hopes for a radical modification of the planning system in favour of a more regionalised system of planning, the later stage had a completely different nature when suddenly the designers of the NPS showed their loyalty to the traditional concept of the centralised planning system. Nevertheless the final document of the plan presented to parliament for ratification had a structure and components similar to the pre-revolutionary plans - particularly to the Forth Plan. The main objectives of the plan were:

- expansion of education and culture;
- securing the interest of the down-trodden peoples;
- securing economic independence (but not economic isolation);⁷².

The main strategies adopted by the plan were:

- import-substitution;
- economic independence; and
- self-sufficiency in basic needs⁷³.

In addition the plan introduced some criteria for achieving its objectives. The more important of these criteria were:

- prevention of consumerism and emphasis on investment;
- agriculture as the axis of development; of non-oil exports;
- utilisation of current spare capacity in industry and increase in

productivity;
-preventing the expansion of large cities and implementing settlement policies (with emphasis on rural development).⁷⁴

The total investment during the plan's period was estimated at 14,191,3 billion rials (\$ 169 billion) of which 8,505.4 billion rials(\$101 billion) from the public and the remaining 5,689.9 billion rials (\$ 68 billion) from the private sector(the First Plan-1983).

The annual rate for growth of the GDP was forecast at 8.9 per cent. The expected growth of the economic sector was; 15 per cent for oil, 14.4 per cent for industries and mines, 7 per cent for agriculture, and 3.6 for the service sector. Apart from some defects of the plan - e.g. the calculation of the plan was based on an extremely unrealistic forecast of the oil prices equal to \$ 33.25 per barrel - the plan could not live up to the expectation of parliament from a post-revolutionary plan. Therefore the plan was never passed by the parliament.

b)the technique and methodology of planning:

The plan was formulated with the help of the econometric models. It was assumed that after approval of the macro-economic plan the detailed sectoral plans will be presented. In general because of the failure of the plan in parliament the plan has never been elaborated. Thus the methodology of preparation of the plan could not be evaluated.

c)the procedural and organisational form of the planning;

The main attribute of this plan was the beginning of the planning simultaneously in both the sectoral and regional planning units. In addition several regional-based planning administrations were introduced by this plan. Although some of them, for example Village and District Planning Councils, have unrealistically been created, the Provincial planning committees arrived at an even stranger situation - but quasi-official - within the system of decision making. In Chapter Four this experience will be analysed.

The First Implemented Post-Revolutionary Plan(1989-1993):

After four years of negotiation and waiting, finally the government did withdraw from the proposed plan and considered the preparation of the new plan. Meanwhile the acceptance of the UN resolution of 598 by the leadership of Iran in June 1988, brought about a more accelerated process in the preparation of the new plan for dealing with the post-war circumstances. Therefore the preparatory activities for the new plan were started in PBO in Sep. 1988.

a)the concept and the contents of the plan;

The plan was purely a macro-economic plan. The elaboration of the sectoral executive plans and the list of the nominated development projects were postponed until the parliamentary approval of the macro-economic framework. The main objectives of the plan in short were:

- reconstruction and reinforcing national defence capabilities;**
- reconstruction and renovating productive and infrastructural capacities as well as war damaged population centres;**
- quantitative expansion and qualitative promotion of mass culture, education, science and technology with special emphasis on the young generation;**
- achieving economic growth, reducing economic dependence with special emphasis on attaining self- sufficiency in basic needs of the population;**
- endeavours towards ensured Islamic social justice;**
- setting and readjusting consumption patterns;**
- reforming the country's executive and judicial organisation and management at various levels;**
- endeavouring to ensure judicial security and enhance legitimate individual and social freedom;**
- modification of the spatial organisation through more reasonable distribution of population and economic activities with respect to the comparative advantages of each region, except in cases dictated by political and defence consideration.⁷⁵**

The plan calls for 26452 billion rials investment. The annual growth rate of GDP was estimated at 8.1 per cent. The annual rates of different sectors were: 6.1 per cent for agriculture, 8.7 per cent for oil, 14.2 per cent for manufacturing, 19.5 per cent for

mining, 9.1, 14.7 per cent for water, electricity and gas, 14.5 per cent for construction, and 6.7 per cent for services ⁷⁶.

b)the technique and methodology of planning:

This plan also made use of econometric models. No specific methodological peculiarities were observed.

c)the procedural and organisational form of planning:

It was argued that due to limitation of time a centralised approach for preparation of the plan was more reasonable (participatory observation). Another reason was that during the war years the provincial draft plans had been prepared by the ROB with close contribution from the provincial PBOs. Therefore in contrast to the Abortive First Plan the regional-based units were not active in the process of preparation of the plan.

The Second Post-Revolutionary Plan(1994-1998):

The preparation of the Second Plan was started in January 1992 and was presented to parliament for approval in Dec.1993.

a)the contents and the concept of the plan:

The second plan is also purely a macro-economic plan. It contains overall objectives and policies of the previous plan⁷⁷ and macro-economic tables similar to the First post-revolutionary national plan. Although the RPB attempted to propose some criteria for provincial allocation of resources, it did not reflect the contents and structure of the official document of plan in which sectoral executive detail plans, development projects, and programmes were not included.

The plan initially called for 5.89 per cent annual growth of GDP, however during the parliamentary debates it was reduced to 5.1 per cent. The growth rate for gross fixed capital formation is determined at 6.2 per cent annum, and during the period of the plan is estimated reaching to 14,603 billion rials. The expected sectoral growth of

production and value added are; 4.3 per cent agriculture, 1.6 per cent oil, 5.9 per cent manufacturing and mining, 4 per cent construction, 8 percent water, electricity and gas, 4.7 per cent transportation, 6.8 per cent communication, and 2.6 per cent other services.⁷⁸

b)the technical and methodological aspects of the planning;

The major difference between the Second and first post-revolutionary plans is the brief reactivation of provinces in the process. In chapters 5 and 6 it will be discussed how these effort could not meet its objective. Another notable change also related to the regional aspect of the plan, and as mentioned earlier that was the RPB's attempts to introduce a methodology for provincial allocation of the resources. This will be analysed in chapter 8.

c)the organisational form of the planning;

The plan attempted to increase the number of "integration committees" for better and more co-ordinated integration of the plan. The outcome of such policies will be discussed in the Seventh Chapter.

CONCLUSION OF SECTION B:

The Planning System Before and After the Revolution:

Despite the promising start in early years after the revolution in favour of more active participation of regional planners in the process of the preparation of national plan, the post-revolutionary planning system has had less tendency towards either regionalism and regionalisation of national plans. In short:

-**the contents** of post-revolutionary plans have changed in favour of regional and spatial strategies but they never introduced any adequate mechanisms for implementing them. In addition planning procedure never took advantage of the considerable regional development studies carried out by RPB or other study groups for efficient regionalisation of the national plans;

-the methodology of plan preparation has never changed, neither for responding to the necessity of clarification of the regional dimension of national-sectoral policies, nor for proceeding with pre-determined regional development policies. However major improvement will be observed in the technical aspects merely for more advanced econometric models used in both plans.

-the organisational forms of planning, despite considerable changes due to the establishment of Provincial planning committees and their enthusiastic participation, have influenced neither the procedure of preparation nor more than the contents of the official document of the national plan;

CONCLUSION OF CHAPTER FOUR:

The results of an over view of the various aspects of national planning such as: legislative, conceptual, organisational, and procedural in relation to the hypothesis of this research, could be recapitulated as follows:

a)the national plans to be prepared far away from stipulated views of the constitution in terms of the regional aspects of national development policies and in particular the regional allocation of the resources.

b)at the central level of the government's administration, no agency has a responsibility for control, co-ordination or managing the trend of regional development as an independent subject matter of decision-making. At this level: the unified notions of region and regional development have been disintegrated among various sectors. At the regional level, the government administration consists of the representatives of sectoral ministries. The vertical force of the relationships between central ministry with its provincial general office is dominant over the horizontal forces of inter-agency relations at the provincial level;

c)the planning system has always been a macro-economic plan and the official

document of this plan contains: overall policies of development, sectoral allocation of resources, and tables which illustrate the perspective of principal macro-economic variables, and some non-related regional development policies without any mechanism for their implementations. The sectoral executive plans in terms of an inventory of nominated development projects and programmes for the period of planning have always been lacking. Hence traditionally the document of national plan have never introduced the sequences of states in chosen courses follows the macro-economic objectives and policies. As it will be explained in chapter seven each sector independently determine its executive actions during the period of implementation of the national plan under supervision of the PBO.

Finally, the First pre-revolutionary Plan started in the year 1948 and the Second post-revolutionary Plan will cover the year 1998. In the last fifty years in total ten plans have been formulated; six of them have been implemented, three of them have never been implemented, and one plan is under implementation. Each plan has some valuable lessons for the next generation of planners if they carefully recognise the peculiarity of each plan through adequate analysis of their strong point as well as weak points. In short the main attribute of each of the ten plans could be recapitulated as the following:

- the First Plan of 1948 : the priority of programming over planning;
- the Second Plan: regional concentration on the national project or from regional development towards national planning;
- the Third Plan:a sectoralised system of macroeconomic-based planning for national economic growth;
- the Fourth plan: use of input-output tables and attempts at consideration of the regional dimension of the national plan;
- the original Fifth plan: regionalisation of the national plan through setting the

quantitative objectives for regional economic growth;

-the Revised fifth Plan: the careless investment due to over spending of oil revenues and Special Local Programmes policy for devolution of power to provinces;

-the Sixth Plan: the national spatial strategy plan and provincial chapters of the plan;

-the Abortive First Post-revolutionary Plan: the national movement of participation of provincial planners;

-the first implemented Post-revolutionary Plan: the overall national spatial strategies and the section for relief of depressed regions;

-the Second Post-revolutionary plan; the regional distribution of the sectorally allocated resources.

In Chapter seven more significant aspects of these experiences will be analysed in terms of their influence on regional development.

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CHAPTER FIVE:
**The Review of the Contribution of Regional Planners
to the Process of National Planning**

-the pre-revolutionary period

-the post-revolutionary period

CHAPTER 5:

THE REVIEW OF THE CONTRIBUTION OF REGIONAL PLANNERS TO THE PROCESS OF NATIONAL PLANNING:

The Background of Regionalist Actions in the Contemporary National Planning in Iran:

In this chapter the background of the efforts of Iranian planners for increasing the regional efficiencies of the national planning system will be briefly reviewed. In other words this chapter is concerned with the review of regionalism within the sectoralised system of national planning. The word '*regionalism*' usually can cover a wide range of regional concerns such as: consideration of the regional dimension of national policies, regionalisation of the national plan, decentralisation, regional development studies, and regional planning. Each of these concerns has its own history. Here, regarding the concern of this dissertation, the review will be confined to what are related to national planning rather than regional planning. Therefore this chapter would provide the readers with a general description of the origin, trends, and the situation of regional-oriented planning actions within the national planning system in Iran. This description will be elaborated in more details in three following chapters:

- chapter six is devoted to analysing the regional policies of the national plan as major indicator of the way of consideration of the regional dimension of the national policies;
- chapter seven will concentrate on the process of preparation of the national plan for testing the regional efficiencies of the planning system;
- chapter eight will analyse the deliberate actions for regionalising the national plan at the central level.

All these description are limited to the theme and focus of this dissertation and would concentrate on the regional dimension of the national planning. For instance the review of various schools of thought in regional planning in Iran - part of chapter 8 -

will explain the degree of adaptability of each experience with the national planning process.

Chapter 8 also explains the degree of adaptability of various methods of regional planning which have been experienced in Iran with the national planning process.

The Background of Contribution of Regional Planners in National Planning Efforts:

I) the Pre-revolutionary Period :

One of the pre-revolutionary directors of the PBO's Planning department ¹ has classified the history of Iranian development planning as follows:

First period from 1948 to 1961(the First and Second Plans): ***the period of the sovereignty of engineers***; during this era the plans basically included the major infrastructural development projects such as dams, roads, factories, electricity, and the like;

Second period from 1961 to 1965 (Third Plan): ***the period of the economists' monopolism***, during which the planning activities were concentrated on the objective of the economic growth through the adoption of conventional system of macro-economic planning system;

Third period from 1965 to 1970 (Fourth, Original Fifth, and Revised Fifth Plans):***the period of contribution of the sociologists and social planners***; the planning efforts intended to deal with increasing social and cultural problems due to the neglect in previous plans;

Fourth period from 1975 to the end of the pre-revolutionary period (Sixth Plan) ***the contribution of development planners*** those who were concerned with the distribution of population and economic activities between the regions to avoid an uneven development of the country.

Here this classification² will be used to explain the contribution of regional planners in national planning efforts. Accordingly, before the third period regional planners never played a significant role in planning activities at the national level. In the first period, as explained in chapter four, the national plans clearly had a regional dimension. The First plan was a collection of development projects by regional origins and the Second Plan was a regional-oriented plan in which the regional dimension of

the plan was prior to its national dimension. However, both plans were formulated by national planners. The Third Plan although introduced more regional policies than previous plans, the regional dimension of the plan remained ambiguous while the planning activities were concentrated on working out macro-economic models and coherent changes in the planning system. The Fourth Plan started with criticism of the Third Plan for its weak regional concerns³. Consequently the first serious action towards upgrading the regional dimension of the national plan was made in the third period by *Regional Economic Development Studies*. Although this contribution was made by foreigners - by *Battelle* the American consulting engineers - it constituted a regionalist fraction within the national planning system. However, as it will be explained in chapter 8 this first step had a macro-economic planning nature, therefore, theoretically the regionalist contribution for regionalising of the national plan was in line with the concept of national planning. Although the *Battelle* type regionalisation was abandoned in the Fifth Revised Plan, it did strengthened the regionalist tendencies in national planning activities.

The fourth period in fact is the period of emergence of the new motivation for regionalism. The increased investment resources due to increase of the oil prices required a planning system with more regional knowledge and capable of introducing new opportunities for spending this abundant resource. Therefore regionalists found a ground for active contribution in planning systems for better articulation of the regional dimension of the national plan and not surprisingly they occupied some key positions in the planning apparatus.

As explained in chapter four, the Sixth Plan was fascinated by the Scetiran's National Spatial Strategy Plan. Thus regional concern in the fourth period became more significant than in the third period, since a new concept for regionalisation of the national plan was introduced. According to this concept the *National Spatial Strategy Plan* emerged as a reference framework for regional distribution of resources and economic activities among various regions of the country. This document was prepared on the basis of the concept of a spatial projection of the economy, commensurate with each region's development potentials and constraints, therefore, theoretically it had a

different nature from the macroeconomic-based approach of the national plan. The concept of this plan gradually became the doctrine of regional planners who advocate the necessity of consideration of regional dimensions of development policies as a complementary approach to traditional planning system. The new friction of regionalists was established against sectoralists and macroeconomic-based system of national planning. This friction soon caused division into the two sub-fractions: the spatial planners of the PBO, and physical planners of the Ministry of Housing and Urban Development (MHUD). The former argued their right because of their participation in the preparation of the plan as the supervisors of the Scetiran Consulting Engineers, while the latter referred to the 1975's Law of Renaming the Ministry of Development and Housing to MUHD. This law stipulated the duty of preparation of the *National Master Plan* to be an official duty of MUHD. Moreover the PBO's Centre for Amayesh-e-Sarzamin first had been established in MHUD in 1973 under the title of the Centre for Exploitation of Territories, thus the MUHD has always sought responsibility for this type planning activity. Apparently the Shah broke the law by devolution of the task of the Amayesh to the Plan and Budget Organisation, while Queen Farah devoted a great deal of support to the MHUD because she was keen on urban planners⁴.

Notwithstanding this continuous administrative quarrel inside the PBO the Centre of Amayesh-e-Sarzamin became the place of hard-line regionalists, who possessed first-hand comprehensive studies covering a wide range of issues such as the spatial analyses of sectoral development, the trends of regional development in various parts of the country, the regional potentials and constraints for development, and the wide range of policy recommendations at the national and regional level for each sector of economy. Therefore had an advantage over internal and external rivals - the PBO's economists and the MHUD's physical planners. As a result the Sixth Plan for the first and the last time was prepared with provincial appendixes. Moreover they brought about the idea of changing the name of PBO's Deputy for Planning and Evaluation to the Deputy for Planning and Amayesh-e-Sarzamin. However, the collapse of the regime in 1979 never allowed this change to take place.

II) The Post Revolutionary Period:

As explained in chapter four the immediate impact of the revolution on planning activities was the belief in democratisation of the process of decision-making. The centralism came under heavy fire and all planning proposals at the early post-revolutionary period was inspired by decentralist concept. Meanwhile as another impact of revolution the Shah regime's views in all aspects were strongly criticised, particularly the Amayesh was marked as an example of the foreigners interference in national affairs. Therefore the Centre for Amayesh was incorporated in the Regional Studies Bureau under the new title of The Bureau for regional planning and National Amayesh. The French Consultant returned home and the Amayesh studies were halted.

Notwithstanding these events and the influence of the concept of Amayesh as a principle component of the national planning system remained steady. For instance when in spring of 1981 a series of open discussion under the period of Mr Baher - the PBO's Deputy for Planning and Appraisal - concerning the identification of the general characteristics of the post-revolutionary planning system were held the influence of the Sixth Plan's planning concept was evident. Accordingly a comprehensive sectoral-regional system of planning was the skeleton of the new planning system but the name of Amayesh was rarely used. Instead the term of *Co-ordinated National Development* was chosen in the first post-revolutionary publications of PBO⁵. Meanwhile an opportunity was given to participate in a series of open discussions under Mr Baher, the Deputy of Planning in the P.B.O, concerning identification of the general characteristics of the post-revolutionary planning system. In general the term *AMAYESH* has always been regarded as an intellectual word which even an educated Iranian can hardly understand without referring to a Persian dictionary.

In September 1981 Mr Banki was appointed as the new head of the PBO. He announced the necessity of accelerating the preparation of the first post-revolutionary medium-term socio-economic development plan. His top administration swiftly prepared a proposal for the new planning system. The members of the Bureau for Regional Planning and National Amayesh made an active contribution in the preliminary stage of designing the new planning system. Later the designing team was reduced to a limited number of people apparently for achieving proposal as quick as possible. The New

National Planning System which was published in October had an incredible locational structure⁶. A hierarchy of planning units had been designed from the national to the rural level. At first sight the new system seemed an extremely a regional-oriented system. The proposal was approved by the Economic Supreme Assembly in november. Surprisingly in December of 1981, at the time of the beginning of the process of the preparation of the first post-revolutionary national plan, the P.B.O decided to close down the Bureau for National Amayesh and Regional Planning.

The regionalists were excited by activation of the Provincial Planning Committee thus they were more optimistic rather than evaluating this action negatively. The spring of 1982 the whole country witnessed a huge participation - undoubtedly several thousands - of provincial planners along with national and sectoral planners in the planning activities. In March at the beginning of the new Iranian year the government had declared the year 1361(1982) *the planning year*. The Provincial planning Committees were asked to prepare a medium-term sectoral development plan for the province. In April 1982 in the first nation-wide planning seminar in Teheran some questions such as the degree of acceptance of the regional proposals at the central level, the methodology of introducing the national plan on the basis of the provincial plans, the contents and structure of the document of plan, were not satisfactorily responded to by the national planning officials. Despite increasing ambiguities about the future of the their planning activities the provincial planners enthusiastically worked during the summer until late night to fill the tables and planning charts according to the Teheran circular and directives. The second nation-wide planning seminar in Mashad in mid summer revealed the empty hands of the central planners when they asked provincial representatives to make a proposal for the method of synthesising the final plan. This tactic was chosen after the proposal of the planning officials had come under heavy attack from regional planners. Consequently the centre invited the representatives of the Provincial Planning Committees and Sectoral sub-committees to join in the Sectoral-Regional Planning Associations in Teheran in September 1982. Therefore after weeks of negotiations several hundreds of provincial planners in association with the central-sectoral planners finally prepared the provincial distribution of assumptive resources of each sector.

Ultimately the First Socio-Economic and Cultural Medium-term National Development Plan was presented by the government to the parliament in October 1982. The final document, not surprisingly for experienced regional planners, had a completely traditional structure i.e. the overall qualitative development policies, the quantitative growth rates objectives, and sectoral allocation of the resources. The regional aspects of the plan were promised by the government to be ready after the approval of the macro-economic plan. Indeed, incredible efforts of provincial planning remained useless after the failure of the plan to gain the parliamentary approval. Therefore the most promising contribution of the provincial planners became the most frustrated attempts at regionalising of the national plan.

Later it was revealed that the planning officials preferred to rely on the traditional procedure of preparation of the national plan rather than entering into a confusing situation because they were mainly traditional economists not familiar enough with the concept of Amayesh and the principles of regional planning⁷. For more experienced regional planners of the Bureau for Regional Planning and National Amayesh it had been clear since the inception of the planning activities that the provincial efforts would not lead to fruitful results when the planning officials started the activities by elimination of the regional planners. They argued that :

“if the provincial-national linkage truly was the aim of the system only the regional planners were enabled to bridge this linkage”⁸

and:

“how a national plan could be provincialised without active participation of regional and Amayesh planners”⁹.

In short, the regionalists who were rapidly progressing shortly before the revolution easily lost ground to the sectoralists.

The Restoration of Amayesh Activities:

After closing the Bureau for Regional Planning and National Amayesh the planners of the bureau were given two choices, to join the new planning movement, or to transfer to other departments. Some staff left the PBO and some of them instead of

leaving the P.B.O preferred to participate in the new planning movement, particularly newer recruits felt they needed to obtain more practical experience in national planning.

One of them was appointed as the co-ordinator of provincial planning activities in Hormozgan, a southern province of the country. He, as a member of the Group for Casual Studies, had been spent one year on the preparation of the report on review of the pre-revolutionary planning heritage with a particular focus on its regional dimension. He was fascinated by the concept of Amayesh-e-Sarzamin which was the climax of the national- regional development planning activities in Iran before the revolution.

This participation had a major influence on his career, it not only provided more knowledge about the philosophy, content, and the techniques of macro-economic planning, but also provided an appropriate opportunity for examining the application of the Amayesh techniques at the regional level. First he proved his loyalty to the new planning system by upgrading the provincial planning team from a low rank to be one of the prosperous planning teams in the country. Meanwhile besides what had been determined for the provincial P.B.Os as their role in the process of preparation of the national plan, he with the assistance of his colleagues at the Hormozgan Plan and Budget Organisation, offered a draft Amayesh plan for their constituency. For their active contribution they were rewarded by an encouraging visit by Dr Banki, the member of Council of Ministers and the head of the central P.B.O's, and his chief co-ordinator of the national planning activities in July 1982.

The Amayesh draft was presented at the end of the report of the pre-determined provincial planning activities. This draft at least illustrated how such a document would help to co-ordinate the provincial sectoral planning committees for a harmonised and reasonable distribution of development resources in the province. Perhaps this modest draft played an important role in restoration of the Amayesh activities after the revolution when later the Prime Minister Mousavi appreciated the draft and made an order to the P.B.O for application of it in a wider sense and for whole the country. The P.B.O, however, was reluctant to change the tradition of the national planning system, particularly as the main reason behind the closing down of the regional planning office

was to avoid possible interferences which may have occurred between two different approaches to planning. However it was agreed that after finalising the macro-economic plan an Amayesh plan would be prepared as a guide plan for elaboration of the national plan after the approval of the plan by the parliament. This was reflected in the final document of the First Plan, and officially the government promised to prepare a nation-wide Amayesh Plan after the approval of the bill by the parliament.

In October 1982 he became an active member of the working group which had been formed in PBO for the investigation of the contents, the methodology and the procedure of Amayesh the National Plan.

In February 1983 the proposal for restoration of the Amayesh was unveiled in the conference of provincial P.B.O's directors.

In August 1983 he - the author of this dissertation - was appointed as a general director of the Regional Planning Bureau of the P.B.O. However, the bureau did not exist in reality not even as a box in the organisational chart of the P.B.O.

At that time the main assumption was that parliament would approve the bill of the national plan after three month of debates, therefore in the following nine months the Regional Planning Bureau would propose the Amayesh plan for whole country, according to the government commitment which was stipulated in the plan.

Apart from this improvement within the planning bill, outside not only the new tier of the decision-makers but also most parts of the planning apparatus - nearly all the technocratic bodies of the government - were not well acquainted with the subject of Amayesh. Thus along with the practical attempts for reorganisation of the RPB, greater efforts would have to be made for introducing the concept of Amayesh and promoting the culture of regional development and planning.

It seemed that the restoration of this activity needed an adequate course of publicity especially for post-revolutionary planners and decision-makers. Therefore with

the assistance of his colleagues in the Casual Studies Group - who assisted him on many occasions before and after the reactivation of RPB - and some voluntary participation of pre-revolutionary planners, the appropriate explanatory materials for introducing the concept of Amayesh-e-Sarzamin for various meetings with decision-makers and technocrats were produced.

These materials consisted of: a finalised definition - which then became an official definition in several laws and formal documents concerning the regional policies and entered the academic text books ; the history and the procedure of inception; the records of such systems of planning in selected countries; the pre-revolutionary activities and the summary of their proposals and conclusions. The main objective of this period was justification of the necessity for a long-term spatial perspective development plan for various reasons such as the following:

- for guiding the national economic medium-term development plan towards a conscious spatial distribution of resources to ensure a higher level of productivity of capital and better utilisation of resources;

- for guiding the regional development processes towards a unified and integrated concept of national spatial development;

- for co-ordination of inter-regional, inter-sectoral, and sectoral-spatial relations and to ensure more reasonable national-regional development ties.

Due to the questions, debates, and disputes with various groups of decision-makers this stage provided the new RPB with more insight concerning theoretical, technical, methodological, and organisational aspects of the new system of the regional planning. After numerous sessions of presentations for various groups of decision-makers, eventually the circumstances for a nationwide new planning activity were prepared. Meanwhile at this stage, along with the theoretical formulation, the task of organisational formation of the RPB was also followed. As explained earlier before the revolution the plan of Amayesh was prepared by the French consulting engineers,

under the supervision of Iran's Centre for Amayesh; simultaneously the Bureau for Regional Development Studies was carrying out some regional analyses and studies. After the revolution not only was the employing of a foreign consultant not easy, the interior consultant firms had no experience in such services, and the time limitation would not have made possible a trial and error policy for the preparation of such firms for such activities. In addition the Centre for Amayesh had been dispersed into various research and planning agencies. Moreover the Bureau for Regional Development Studies too no longer existed. Therefore the new RPB had to prepare itself for the formulation of a national spatial plan through a network of provincial planners and also for supervising and in some cases carrying-out the regional studies. When it was expected that one would ask for most senior experienced planners, the RPB convinced the PBO that the office should be re-established on the basis of a new generation of inexperienced planners. The RPB argued that:

" these would be heavily centralised operations, the commanding of the operations requires a high level of co-ordination at the head-quarters. It would be a difficult situation if the main staff were to be senior to the commander though having less knowledge about the operations". (Diary September. 1983)

The RPB suggested that a young and harmonised group of newly recruited planners with experienced advisors and under the direct supervision of the head of the organisation would bring about fruitful results, so in August 1983 through the newspapers the RPB called for contribution from the newly educated planners.

Finally a group of young planners, mostly those who had already finished their education in western countries' universities, were selected by examinations and interviews. They were mainly economists, urban planners, and sociologist. The RPB held intensive courses about Amayesh for this group. This group was swiftly prepared for the establishing of an active head-quarters; they soon began to participate in the presentation sessions . That was a part of their preparation policy. By hearing the same material in different sessions first they learnt their job more quickly and by attending a series of sessions with officials and decision-makers their self-reliance and self-esteem would be increased.

Gradually the task of presentation was conceded to them according to their pre-determined responsibility as each of them had shown ability to lecture about the pre-revolutionary Amayesh policies, its evaluation, and the out-look of the future activities in their section. Therefore the core of the new apparatus was formed under the name of Central Committee for Amayesh(CC). They were also asked to introduce at least three well-known senior and experienced advisors for each of their subjects according to their responsibility. In the opening conference with the advisors the policy of RPB was expressed as follows: ~

" we have provided an organised and energetic machinery for preparation of a national spatial plan through research, negotiations, disputation and consensus. Feel yourself as the supervisor of these young and well-educated talented planners."

Each member of the group was assisted by two juniors expert in their field. Three month later in November 1983 the CC proved its competence through an organised presentation in a private meeting for Prime Minister Mousavi. The results of the presentation formed a set of the *Three Collections* concerning the past and future of Amayesh which comprehensively explained various aspects of the subject. In December 1983 the first nation-wide conference on Amayesh was opened by the addresses of the Prime Minister and the Head of Parliamentary Planning Committee. A large number of sectoral and provincial experts along with various scholars from scientific bodies as well as private sector consultants, became in two days familiar with the new system of regional planning. At the end of the conference the time-table and the nation-wide organisational form of the Amayesh machinery were introduced.

December 1984 was estimated to be a date for submitting the results of the first stage of studies and the draft of the National Amayesh Basic Plan to the Council of Ministers. Also various instructions for the responsibility of the sectoral department and provincial P.B.Os were distributed. The provincial Amayesh group was inspired from the style of the CC both in terms of organisation and the way of formation. The members then divided into three groups and each group presented the Amayesh package in various Provincial Committees of Planning. The first three months were spent on introducing the concept to the provincial decision-makers, and organising and training the Provincial

Amayesh Group. At the same time different sections of the national studies were started. Each CC member was responsible for preparing a summarised report concerning the most significant concepts, policies and ideas - which had been stated or proposed by various sectoral officials and study groups before and after the revolution - with their critical evaluation. When the regions were preoccupied with doing the expected activities under the Group for Provincial Co-ordination of the central RPB, the CC started to formulate an integration of sectoral and sectional reports towards achieving a hypothetical strategy for spatial development of the country and its elaboration in various sectors and sections of the study. In May 1984 the provincial tours were started. The author and his CC members attended all 24 provinces, and in each province we had a meeting with the Provincial Planning Committee and some working days with the Provincial Amayesh Groups. The main intention was to examine the validity of the hypothetical syntheses of the national studies and to receive provincial proposals and recommendations and to stimulate the Provincial Planning Committee into positive reaction to their provincial perspective in the national spatial plan.

The provincial tours were ended in August 1984. Three months were spent in finalising the preparation of the national spatial plan and the conclusions in various sections of the study. The result was presented first in the P.B.O's Board of Directors. In general the relations between the CC and their supervisors - who were the senior experts of the various sectoral departments of P.B.O - could be classified in three following groups:

- 1) those members of the CC and their teams who had progressed beyond their external advisors, even in a few groups, and who had been appreciated by their advisors.
- 2) those who established reasonable relations with their external advisors and reached to some degree of consensus; and
- 3) those who failed to establish a satisfactory relationships; these members were strongly under fire from their advisors.

Therefore it was a crucial moment for RPB . Although they had received immense support and appreciation by the provincial bodies of the PBO, that was the first time they were confronted indirectly by the sectoral department of the PBO through the heads of each sector and relevant Deputy of PBO. Despite some questions and controversies the CC created a sparkling night in the life of the RPB. Dr Banki the head of the P.B.O, who, although he had a clear tendency towards sectoralists, expressed his praise, and soon his appreciation was officially declared.

The results of the first stage of studies were published in three volumes. Three weeks after publication of the results in Dec. 1984, according to the timetable the RPB did prepare for presentation of the results in the Council of Ministers. The President of the Islamic Republic also attended the session and the council approved the general framework of the studies, and ordered the government agencies to make an in-depth evaluation of the results within three months. The important incident was the official objection of the Minister of Housing and Urban Planning, Mr Kazerouni, who warned the council against interference in the legal responsibilities of his ministry. Mr Kazerouni explained how before the revolution a similar administrative quarrel had taken place after the 1975 Law of the Change of the Name of the Ministry had stipulated the duty of preparation of the National Master Plan. He also briefed the audience with the background of controversies. It was the start of nearly five years of dispute which undoubtedly had a negative effect on the rapid improvement of Amayesh. However, the publication of the results of the studies immensely attracted the attention of various government agencies as well as scientific bodies such as universities and research institutions. The RPB received more than a thousand pages of official opinions, criticisms, recommendations and corrections.

Meanwhile the RPB started a series of face to face discussions with the main ministries. The RPB asked from each of them to what extent we had succeeded in forecasts of the perspective of their sector in the next 20 years. Finally after the appropriate investigations the revised version of the National Spatial Basic Plan was formulated in August 1985.

The results of the first stage of Amayesh studies were approved by the Supreme Economic Council in autumn 1985 including an overall strategy for spatial development of the country and its elaboration in various sectors and regions of the country. It was a significant gain for regional planners against their two main rivals. The physical planners have never succeeded to pass a law in the supreme economic council. On the other hand the P.B.O's economist now had to work within an approval which they had no major hand in its formulating.

In March 1986 the design of the second stage was started. This stage had two operational aims: the preparation of the detailed National Spatial Strategy/development Plan; and to formulate the provincial Conceptual Framework for Development. Three provinces - Semnan, Mazandaran, and Zanzan - were selected as the pilot studies for the second stage operations.

The second stage's operations were started in the spring of 1987. First a nation-wide conference was held at Teheran opened with the addresses of Mr Zanzani - the first and last Minister of Plan and Budget .

The representatives of the sectoral departments both from ministries and from the P.B.O and heads of Provincial Amayesh Groups (PAG) were briefed about the aims and procedure of the Second stage's operations. This stage was itself divided into two phases.

In the first phase the operations were intended to achieve a first draft of a Conceptual Framework for Provincial Development (CFPD). The PAGs were asked to monitor the operations with contribution from the Provincial Planning Committees which aimed to prepare a long-term comprehensive development manifesto which contained the followings policy proposals:

- the general outlook of the socio-economic structure of the province and its elaboration in various sectors of the provincial economy,

- the outlook of the size of the population on the basis of the future structure of employment and the capacity of job creation,
- the distribution of population between the settlement's centres and the major functions of each centres;
- the perspective plan of the spatial organisation of the macro-economic structure and human settlement pattern.

The second phase was concerned with the co-ordinated integration of the CFPDs to achieve a Synthesised National Spatial Plan, which consists of a long-term perspective of the spatial organisation of the future socio-economic development of the country. In addition the final plan had to contain the locations of the major socio-economic development investment projects. It was assumed that these investment projects, which would be finalised by the close contribution of the sectoral and provincial planning groups, would explain the relations between the national-sectoral development and provincial-spatial development. Furthermore their periodical classification would explain the relationship between long-term and medium-term development planning.

The operations were supervised by the RPB. Again the members of the Central Committee of Amayesh launched their provincial tours. They held a series of discussions with the Provincial Committees of Planning. The year 1987 was devoted to achieving approval of the document of the Provincial Conceptual Frameworks for development by these committees.

In spring 1988 the co-ordinated integration of the CFPD was started at RPB. These tasks were accomplished before the autumn. The first draft of the studies was published under the title of The Conceptual Framework for National Spatial Development based on the conclusion of the Provincial Conceptual Frameworks . It was published in a very limited number for evaluation by the Provincial Amayesh Groups. The aim was to check the validity of the conclusions before starting the operations of the second

phase, the preparation of a National Spatial detailed Plan. The RPB intended to produce a pictorial perspective from these conclusions under the name of the *Synthesised Plan of Amayesh-e-Sarzamin*. In fact in terms of methodology the second stage was started on the basis of a deductive approach in the first phase and was followed by an inductive approach at the second stage. In addition the 24 volumes of the second edition of the Conceptual Framework for the Development of the Provinces of the country after possible co-ordination and harmonisation were published by the RPB. It had been predicted that the third - in fact the final - edition would be published at the end of the second phase, after the preparation of the Synthesised National Plan of Amayesh-e-Sarzamin.

In July 1988 the acceptance of the 598 UN's resolution by the Iranian leadership ended the eight years war. Soon after that the preparation of a national development plan was started in September.

The initial idea of the plan had a completely macro-economic nature. The National Planning Headquarters (NPH) was faced by the problem of Amayesh. How would the results of Amayesh planners have to be used in a process of preparation of the plan? On one hand their continuous efforts during the war years at preparation of the necessary documents for reconstruction in the post-war period could not easily be denied. On the other hand there was no room for their effective contribution in purely economic planning. Notwithstanding the technical problems the NPH announced that the new plan would be presented in a sectoral-regional system of planning. Therefore in the early parts of the preparation of the national plan, Amayesh and Macro-economic concerns appeared equally in all stages. Meanwhile the Amayesh activities still were ongoing. In many provinces the Provincial Plan and Budget Organisation took the initiative and held local seminars to discuss the second edition of the CFPD, usually in the main hall of the cities, with a large number of various experts, university cadres, and some private consulting engineers. In October at the Hamedan province, in one of these seminars, the head of the RPB faced some questions about the ways of application of Amayesh results in the national plan and how these two flows of national planning would be incorporated. He reported to the NPH and suggested that the Amayesh

activities be halted. The NPH decided to use the Amayesh studies at the stage of programming, in fact at the time of selection of the investment projects for the national plan. Then the RPB prepared a new proposal for the national planning system in which the regional bodies equally balanced with the former merely sectoral-based national planning machinery. The proposal was approved, in addition the NPH asked RPB to introduce a representative into each National Sectoral Planning Committee. The NPH had assumed these representatives would contribute in the sectoral planning activities to consider and perhaps to advocate the regional aspects of the sectoral decisions. The RPB believed that such a remedy would not be in favour of regionalism, because the nature of the debates of sectoral committees were too general and the attendance of a regional planner would not have significant effect. Particularly with respect to the number of sectoral planners in each committees it was hard to influence their decisions by even one vote though in some cases this could happen. Nevertheless with the hope of an active contribution at the programming stage the RPB compromised and introduced its representatives into each sectoral committee.

The main problem appeared at the final stage in summer 1989 when for some reasons the NPH decided to eliminate an appendix that was intended to contain the investment projects. Perhaps it was feared that this appendix would increase the controversies both by the members of parliament and by regional authorities, which could jeopardise the process of approval of the document of the national plan¹⁰. Therefore the Amayesh planners felt that the national planning system would be unable to consider regional aspects of the plan¹¹, even though the regional views had been elaborated with much detail.

However a section was devoted to the Amayesh policies in the official document of the national plan, though there were no adequate explanations about implementation of those policies¹². The national planning officials promised that the Second Plan would be a real sectoral-regional plan¹³. Therefore the RPB felt that they are further from the regional studies than would be expected by national planning. Thus the author as head of the RPB got permission to continue his studies at the PH.D. level started at UCL in 1989. However, it was hard to continue his duty in Teheran while attending university

courses, though he had a satisfactory contact with his successor, one of the CC planners who filled his place in his absence. Thus he used any opportunity to attend in his office in the first years of his study.

In January 1990 the RPB had a presentation for Mr Rafsanjani, the President of the country. At the end of the meeting when the president expressed his appreciation and admitted the necessity of continuation of Amayesh activities, the question about the place of the Amayesh was posed because pressures from the Ministry of Housing and Urban Development had been mounting. The President ordered the new round of negotiations under his special representative between P.B.O and MHUD. The President finally, according to the decree of 1991, determined the task of Amayesh as one of legal responsibilities of the P.B.O ¹⁴ while the preparation of the National Master Plan remained in the hand of the Ministry of Housing and Urban Development. This achievement for Amayesh encouraged the author to maintain his position enthusiastically and wait optimistically for the second plan.

The technical and methodological debates over the Second Plan were launched early in 1992. From the inception of the new plan the perspective of a satisfactory association between traditional planners and newly requalified planning flow - the Amayesh planners - was blurred. The Amayesh, in the operational chart of the Second Plan, was presumed to be in a strong position but during the operational process its role was to fade away. The RPB had learned from the abortive operations of 1983 and the frustrated end of the 1989 plan that a strong start would not affect the results; in fact only a reliable attendance at the final stages of the planning process would bring about an assured participation of the regions in the planning process. The new round of dispute started between the RPB and other members of the NPH. They explained that to respond to the president's decree the Amayesh has been considered from the early stages. The RPB argued that the stage of formulation of the macro-economic plan, because of technical nature and the types of the econometric models, would not be affected by any regional presence. Instead after this stage and in particular at the stage of the elaboration of the plan the traditional sectoral-dominated approach should be replaced by a sectoral-regional approach of Amayesh-e-Sarzamin. Particularly RPB asked for the establishment of a

sub-committee for Amayesh under the NPH, because it believed that now the Amayesh should be considered as the duty of the whole organisation, and as long as it were expected merely from the RPB nothing would change.

These types of arguments continued during the whole spring of 1992, the regional interests having mainly been supported by Mr Islami the P.B.O's Deputy for Regional Affairs. After the beginning of summer the author returned to Teheran and the regional problems again preoccupied the NPH's sessions. However the NPH took some steps towards the regionalists, i.e.:

- a committee for regional co-ordination was added to the organisational chart of the second plan. The RPB asked how this committee would influence final decisions. No adequate answer was received; and

- the provincial P.B.Os were considered as a sectoral department with active participation in planning operations from the start of the operations. The author also explained that it would not be beneficial for either sectoral sides or provincial sides though such participation in early stages would increase the expectations of the regions without any benefit for sectoral elaboration of the plan. He suggested the establishment of the joint sectoral-regional committees at the second stage of the preparation of the plan.

- a stage for co-ordination of the sectoral allocation was added. perhaps it was the only promising result from the few months of debates.

In September Mr Islami resigned. Despite different view with NPH Mr Islami managed a nation-wide conference with provincial planners and the RPB briefed them on the basis of the elaborated instruction leaflets which had actually been prepared during the resistance against such operations. The head of RPB presented a summarised explanation of what happened during the summer 1992 in NPH and wished success to all planners. He knew that it would be his last conference with provincial P.B.O directors and with Provincial Amayesh Groups. The changes seem to him insufficient and he was extremely reluctant to activate the regional planners in an abortive operation. After the

seminars the NPH tried to convince him with more changes, including the official acceptance of the lack of an adequate mechanism for regional distribution of the sectoral planning bodies. In addition he was promised by NPH more authority and support if he were to accept the responsibility of the preparation of a well-regionalised national plan. That was the moment of making a crucial decision. He requested a month in which to make his decision. In some ways it was an exceptional opportunity for gaining more grounds in the traditional system of planning. Undoubtedly it depended mainly on the degree of consensus with the NPH in practice; particularly after Mr Islami's resignation he should not have expected the new Deputy for Regional Affairs to prepare himself immediately as a steady advocate of the regional interest in the NPH as Mr Islami had been in the past.

However, perhaps such a dialogue with NPH provided the author with what he had been seeking in last few years: to make the planning officials aware about deficiencies of the national planning system as he explained to his colleagues in RPB in his last official meeting with RPB:

"the important thing is that we have reached to that point which indicates that theoretically and potentially the traditional system of national planning has accepted our rights to change the system. If we keep our readiness and improve our abilities there would be more room for regional planners in future plans."

He had understood in summer that some of his colleagues at the CC were enthusiastically preparing themselves to participate actively in the planning operations. They had argued that "we should not miss any opportunity for examining our concepts". He in turn noted that "being involved in fruitless activities will fail to bring about any results not only for RPB but also for Provincial Amayesh Groups .".

The fact was that the controversies which started after the inception of the second Plan in 1992 stimulated the first signs of division among the regionalists. The more radical regionalists believed in regionalisation of the national plan after parliamentary approval of the macro-economic plan, on the other hand the moderate regionalists had fewer problems with NPH.

Soon after his return to the university he started to evaluate the summer 92 planning events. It was clear for him after reviewing Battelle's experience in the early 1970s, Scetiran in the mid 1970s, the First abortive plan of the early 1980s, and the First approved plan of the late 1980s that: the regional problem would not be solved merely by any active participation, unless by determination of central planners and the co-ordinated contribution of sectoral bodies of the planning apparatus. On the other hand he knew that the acceptance of more responsibility required the relinquishing of his academic studies. He felt it would be better for both himself and the PBO if he were to examine the validity of his empirical experience on the basis of scientific criteria in an academic environment. In addition he felt he would not be able to change many established formations of the planning machinery in just a few remaining months of scheduled process of preparation of the plan. Therefore in December 1992 the author resigned his post, and the RPB activities continued under one of his deputies keeping close relations with NPH .

Notwithstanding these changes, the Provincial Planning Committees continued their effort to prepare the provincial medium-term development proposal on the basis of the RPB's instructions. In December 1993 the Second Plan was approved by the parliament and the final document of the plan came into public. It was revealed that the planning system again could not incorporate the provincial planning proposals into the final document. The new plan, similar to previous plans, lacked an inventory of major development projects attached to the plan. In addition the plan introduced fewer Amayesh policies. In October 1994 the Second Plan's procedural reports were published in 11 volumes and the predictions of the writer of this dissertation came into reality. In volume four it explained how the most regional and Amayesh policies of the plan had been rejected by the relevant committees. In fact the Amayesh activities were halted early in 1993 in RPB. Instead the RPB succeeded to introduce a mechanism for better distribution of the sectoral resources among the provinces. This mechanism will be discussed in chapter eight of this dissertation.

In short the RPB shifted from an Amayesh-oriented regional development planning efforts to a sectoral-based regional distribution of the annual budget by

regional criteria. This has been admitted by *Mr Alemi* the current head of the RPB in his interview in January 1996:

For each sector with contribution of the experts of the sectoral bureaus and provincial planners the distributive indicators have been determined; the provincial development resources will be allocated among the sectors and chapters of the annual budget .

He also added that:

These indicators have been selected with respect to various characteristics of each province such as the size of population, the size of the province, number of its population, number of pupils under education, the degree of dispersal of the rural areas and population centres and the like.

In chapter eight this system will be discussed with more details. He also added.

By use of these indicators we proved that the distribution of the developmental resources were distributed wrongly during the implementation of the budget of year 1373 (1994-1995).¹⁵

Mr Alemi also hopes that apart from the provincial development budget, in future this system will cover other national programmes based on the applicability of the system in various sectors¹⁶. Apart from the budgetary nature of this mechanism it should be regarded as a significant change in the tradition of sectoral autonomy by introducing a set of coefficients for more reasonable distribution of the resources in favour of regional development criteria.

In September 1995 Mr *Zanjani* resigned after nearly one decade heading the PBO. *Mr Mirzadeh*, his successor, with several years service as a governor of Kerman province, has a regionalist reputation. Also *Mr Farshbaf* the new PBO's Deputy for Regional Affairs is one of the hard-line regionalists with a clear background in support of Amayesh and regional planning activities. In the light of these changes the new course of Amayesh activities is expected particularly when the PBO has expressed¹⁷ its determination to implement the decree of Amayesh as one of the principle duties of the PBO.

This determination should not be regarded as finishing the obstacles against Amayesh and regional planners for an active contribution in planning process. In contrast, the new course of confrontation between the PBO and MHUD should now be expected while the MHUD has already announced the completion of the studies for preparation of the National Master Plan as a part of the Ministry's duties. The outlines of this plan have been presented to President Rafsanjani in February 1996¹⁸ and the Master plan has tried to cover a wide range of subject matters. It seems now the PBO should complain about the trespass of the MHUD to its legal duties, the duties ordered by the decree of President in 1990. It seems the Amayesh and regional planners of the PBO after several years confrontation with PBO's militant economists should now be prepared for an intensive challenge by physical planners of the MHUD. Instead both sides should concentrate on collaboration and contribution. It has been proved by empirical observation that any time the economists are not in a dominant position in a planning system the civil controversies between physical planners and spatial planners have frustrated both sides in favour of the situation for the sovereignty of the sectoralist economists.

As will be recommended in chapter nine, the concluding chapter, only a comprehensive approach of elaboration of the national plan would end these struggles between physical planners, Amayesh style regional planners, and sectoralist economists.

Notes and References:

- 1.A.Safaie, from his letter to the head of PBO concerning the background of the Centre for Amayesh-e-Sarzamin, June 1990.
2. During the interviews with some planners nobody made a significant comment can deny it.
3. See the Fourth National Development Plan, Plan Organisation, Teheran, 1966, p.75.
4. Interview with one of the pre-revolutionary officials of the MHUD.
5. See the series of publication of PBO's Deputy for Planning and Appraisal under Mr Baher period concerning the characteristics of the Planning in Islamic System, Tehran, PBO, during spring to summer 1981.
6. See chapter three ' the post-revolutionary planning system'.
7. Interview with one member of NHP in 1983.
8. personal diary from participatory observation interviews of the Mashad Conference in the summer of 1983, also see H. Amirahmadi, " Revelation and Economic Transition, The Iranian Experience", State University of New York, 1990, p.104.
9. ibid 6.
10. Interview by one member of the NPH.
11. the result of questionary-based survey held by the RPB to understand the CCA's views, 1989.
12. See the First Five Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran (1989-1993), the summarised version, PBO, Tehran, May 1990, p.11-15.
13. Personal Diary, discussion with PBO's officials, August 1989.
14. See the President Rafsanjani's order concerning the administrative place of the Amayesh e Sarzamin and Physical Planning and their relations, June 1990.
15. Hamshahri, No 890, 23 January 1996, p.4.
16. Ibid .
17. Interview February 1996.
18. Hamshahri, Teheran, 5 February 1996, p.2.

CHAPTER SIX:

The Regional Policies of the National Plans

- the policies for geographical distribution of resources*
- the policies for development of specific regions*
- decentralisation policies*
- the policies concerning the economy of space*

CHAPTER 6:

THE ANALYTICAL REVIEW ON THE NATIONAL STATEMENTS FOR REGIONAL POLICIES OF THE NATIONAL PLANS IN IRAN

Introduction:

Chapter 6 is concerned with the analytical review on the regional policies of the national development plans in Iran. The main purpose of the review on the national statements of the regional and spatial development policies in Iran, exclusively those which were laid down through the national medium-term socio-economic development plans, is to respond to the following questions:

- How have the regional aspects of national development strategies been considered in different plans?
- Which implications and notions of regional development have constituted the theoretical basis of regional development policies?
- Has the national planning system been able to elaborate adequately the regional development policies for their more effective implementation ?

The analysis, however, would not have sufficed for the current planning activities in the country, because the improvement of the policy -making and also the relationship between the national planning and the regional development has been a continuous trend, obviously, with some evolutionary and also some reactionary movements in different periods of time, hence, inevitably a historical and connected review is necessary for better understanding of the relationships between the national planning system and regional development in Iran. In addition a historical review can introduce the weak points, as well as the strong points of the various experiences, which are essential for recognition of a more commensurate national and regional planning system. It should be mentioned that the review and analyses, will be limited to the procedural aspects of the development planning, including theoretical, technical and

organisation aspects. The substantial aspects such as socio- economic strategies and political circumstances will only be discussed in corresponding cases.

SECTION A:

Review of the Regional Policies of the National Development Plans In Iran:

First it seems the more significant outlines of the national statements of the regional or spatial development should be recapitulated for presenting a general feature of these policies and for further analyses in the remainder of this chapter.

The First Plan (1948-1954):

- a rational territorial distribution of development resources according to the criteria introduced by the plan.
- the establishment of the Development Organisation of *Moghan area*.¹

The Second Plan (1954-1962):

- the criteria for territorial distribution of development resources.
- preparation of a comprehensive development plan for *Khuzestan* region.
- carry out comprehensive development studies for the south east region of the country (*Sistan and Baluchestan and Kerman*).²

The Third Plan (1962-1967):

- establishment of three Development Organisations for *Jiroft, Kohkiluyeh and Boeir Ahmadi, Gorgan and Dasht regions*.
- completion of *Khuzestan* development projects.

- recognition and selection of agriculture development poles³.

The Forth Plan (1968-1972):

- the priority development of potential regions at the first stage and development of backward areas in the next stages.
- recognition of the regional resources and development potentials and determination of development poles.
- the concentration of investment in areas with potential, to facilitate maximum productivity, and accelerate the trend of national economic growth .
- prioritisation of development areas regarding to their potentialities of natural resource.
- identification and determination of agriculture development poles.
- reinforcement and development of existing industrial poles.
- development of the nomad living areas.
- recognition and determination of service centres.
- introduction of appropriate incentives for development poles.
- preparation of comprehensive provincial development plans for *Mazandaran, Khorasan and Kermanshahan* regions by consulting engineers.
- acceleration of decentralisation through provision of adequate measures for the transfer of capital and experts to the regions with high potentialities for development.

- reduction of the volume of the activities at the central level of the government administration, through devolution of responsibilities to the regional authorities.⁴

The Fifth Plan (1973-1977):

- improvement of more balanced socio-economic development of the regions through concentration on backward areas of the country.
- dividing the country into the 11 planning regions.
- determination of quantitative objectives for regional domestic production per capita, for greater regional equilibrium.
- co-ordination between the investment in the various activities of the national development plan.
- participation of people in the process of preparation of the provincial development plan, as well as local authorities.
- formation of the provincial Plan and Budget offices.
- the migration policy and changing the migrant- sender to migrant receiver areas, gradually.⁵

The Revised Fifth Plan(1973-1977):

- substitution of the 11 planning regions by the policy of Regional Special Programmes.
- promoting a more equitable balance in terms of the level of socio-economic development.

- concentration on the development of backward areas.
- provision of possibilities and facilities for higher level of participation of the people as well as Regional Councils in the process of the preparation of Regional Development plans.
- provide adequate circumstances for decentralisation in governmental development services and banking, planning, and implementation⁶.

The Sixth Plan(1978-1982):

- the more balanced economic, social and physical development of the regions of the country.
- particular attention to the less developed regions.
- co-ordination between the national plans and provincial plan as well as between large and small development projects.
- maximum utilisation of investment resources by coordinating economic, social and physical development plans.
- improvement of horizontal co-ordination between those regions of the country with historical and economic relationships.
- improvement of adequate interaction between the investments within the framework of *Amayesh-e-sarzamin*.
- the priority of establishment of *Khuzistan-Azarbayejan* development axis for control of the migration of the population from western regions to Teheran.

- limiting *Teheran* industrial and service activities and promotion of these activities in other regions of the country.
- increasing the executive capacity and efficiency of government departments in regions.
- expansion of the authority vested in provincial and town development councils.
- acceleration of decentralisation, devolution of authorities from central government departments to the local authorities.
- establishment of regional Development Banks for the accumulation of small local resources for investment on local development programmes⁷.

First Post Revolution Development Plan(non-approved) (1983-1987)

- the significance of *Amayesh-e-sarzamin* as a means to implement the new constitutional law's view concerning distribution of resources between the regions according to their potentials -act 48.
- the necessity of preparation of a long-run *Amayesh-e-sarzamin* plan by government for territorial distribution of development resources three month after ratification of the plan by the parliament.⁸

The First Plan of the Islamic Republic of Iran (approved plan):

- organising the spatial development and geographical distribution of the population and socio-economic activities commensurate with relative advantages of each region, except for cases dictated by political and defence considerations.
- making productive complementary investment in regions possessing extra infrastructural capacities and economic potentials in comparison with their population density, and ongoing activities in order to save costs and accelerate return on

investment.

- equipping " *development poles*" by enhancing their productive and infrastructural capacities and an increase in population reception in order to lay the foundation for the creation of regional equilibrium according to the following priorities, with emphasis on deprived regions:

- 1- regions commanding untapped development capacities in productive sectors.
- 2- "special " regions as defined by political and military requirements.
- 3- key regions with a view to curbing and directing migration.
- 4- certain regions on ecological grounds, i.e. prevention of desertification.

- In view of the objectives to effect a rational geographical distribution of population and activities, spatial planning policies to restructure spatial development of the country with particular emphasis on organisation; regulation of links and consolidation of ties between population centres in an organised network of rural and tribal regions are set out as follows:

a) curbing growth via spatial readjustment of saturated poles in which population size and activities have outgrown their infrastructural capacities and productive potential, and where continuation of growth leads to declining economic profitability and aggravates social imbalances. Particularly in *Teheran* with the exception of research activities and some modern strategic industries of high technology, a total ban on the setting up of new productive and service activities having a trans-regional performance shall come into force.

b) equipping a selected number of big cities to serve as regional centres in order to facilitate decentralisation and entrust part of the myriad functions centred in *Teheran* especially in the field of higher services (institutions of higher education, highly specialised hospitals, consultation and contract undertakings, financial services, specialised repair and maintenance services) and hosting new functional (industrial,

academic, medical, administrative, commercial, information and research) complexes, with a view to creating an atmosphere suitable to assume some of the activities presently carried out in *Teheran* as well as boosting and fitting out small provincial cities apt to absorb *Teheran* natural growth.

c) fitting out and strengthening intermediate cities to accommodate the surplus population of larger cities.

d) fitting out and strengthening small towns to serve as links between urban and rural societies and to boost their service potential, especially in productive services, with the aim of ensuring a homogeneous development of rural and urban societies, curbing migration, increasing the village capacity to sustain population, and narrowing the existing gap between the two communities in terms of access to social, commercial and productive services⁹.

The Second Plan of the Islamic Republic of Iran (1994-1998)

- promoting a balanced distribution of the population and employment among the regions on the basis of the economic and political objectives and with respect to the environmental and infrastructural capacities of the hierarchy of settlement centres.

- balancing the distribution of the population, preventing concentration of population in major urban centres (more than one million inhabitants) by:

a) controlling the new investment in these centres and guiding new investments to the selected smaller urban centres (less than 250,000 inhabitants)

b) identification and equipment of the new regional centres with sufficient higher services potential for competition with *Teheran*.

- modification of the system of control and management of physical development at the

national and local level,

- equipping the rural centres with the potential for development through expansion of the social services and infrastructures to attract the population of the scattered small villages.
- preservation of the water, soil, and forest resources through preventing the in locating industrial activities with the possibility of increasing pollution , across the rivers.
- preservation of the soil, preventing the expansion of the deserts;
- using the comparative advantages of the country's transit potentials in the context of promoting communication between the neighbouring countries in central Asia and the Persian Gulf through usage of the existing road networks and expansion of the rail roads.
- creation of opportunities for contribution of the non-governmental sector to develop the tourist potentialities of the country with priority for the less developed areas¹⁰.

SECTION TWO:

Evaluation of the Regional Policies of the National Development Plans:

Initially, it could be inferred that, the significance of the regional and spatial aspects of the national development strategies had increasingly been realised by the policy-makers and planners. However, the diversity and inconsistency of the regional development policies, indicates that they did not achieve an appropriate solution for responding to the question of how the regional dimension of the national plan could be considered. For fathom of the depth of these policies and also evaluation of their efficiency it is necessary to classify them for further analyses. The following classification covers almost all different types of the above mentioned national statements of the regional and spatial development policies:

I) *The policies for geographical distribution of development resources*, those which contain or introduce some criteria for distribution of national resources, i.e, regional needs, regional potentials, and population size etc;

II) *The policies concerned with the development of specific regions*, which contain policy recommendations regarding the situation of a certain region such as development poles, resource-oriented, and problem-oriented policies for a given region;

III) *The policies concerned with economy of space, or, space of economic growth*, which contain a group of policy recommendations for optimisation of location of investments, such as forward-backward linkages between investment projects, the scale of economy and economy of scale, the external economy etc;

IV) *The policies concerned with decentralisation*, which contain a group of decisions for improvement of the performance of decision making at the regional or provincial level, such as devolution of power to provincial authorities, organising the regional planning apparatus, etc;

V) *The policies concerned with environmental issues* and protection and preservation of the natural resources;

Obviously the analyses of all mentioned policies of national plans require more space than can be accommodated in this thesis. To answer the research questions of this chapter one example from the above categories will be analysed.

I)The Policies for Geographical Distribution of resources:

1-1)Introducing the Policy:

'REGIONAL NEEDS' AND "REGIONAL POTENTIAL":

Undoubtedly, the policies for geographical distribution of national resources can be recognised as one of the most significant parts of any plan. Firstly, because they are

concerned with the question of how the objectives of regional policies of the plan are being respected in practice, while the financial resources are the principle means for fulfilment of the regional development strategies. Secondly, these policies can explain the intellectual knowledge of the planners and decision makers as well as the technical abilities and efficiency of the planning system, in the context of regional development. Finally, these policies will determine the relationship between the process of national economic growth and the trend of regional development.

Since the First plan (1948) a considerable awareness has been shown by the planners and policy-makers regarding the necessity to establish a rational relationship between national planning and regional development as well as concern about regional balances. However, the Plan introduced some criteria for territorial distribution of resources as it was stipulated in Act 4 of the First development plan's law:

-"The allocated development financial resources, should be distributed among the various Shahrestans of each province with respect to their "needs" and "potentials". In addition, the aggregate allocated resources for all shahrestans of the given province, should not be less than one billion Rials, during the period of implementation of the plan."

Although the aim of curbing regional imbalances at the level of Shahrestan - Iranian administrative division equivalent to Town - was too ambitious, the policy introduced two criteria for regional distribution of the resources: '*regional needs*', and '*regional potentials*'. For the Second Plan (1954) this aim was stated as follows:

The Plan Organisation should distribute development activities between various shahrestans and provinces with respect to their local circumstances and the natural potentials and abilities, as far as possible¹¹.

These criteria have frequently been repeated either implicitly or explicitly in almost all plans, and thus deserve more discussion.

I-2) The Analysis of the Theoretical and Procedural aspects of the Policy:

At first sight, these criteria indicate the degree of pessimism of national policy-makers regarding the abilities of planners, and also indicate their weak intellectual knowledge concerning the regional dimension of the national plan. Several ambiguities can explain how a sophisticated subject matter such as 'regionalisation of the national plan' has been simplified in such a way for policy-making. Some of these ambiguities are:

- what is the definition of regional needs, and by which criteria a wide range of regional needs can be prioritised?

Similarly the definition of regional potentials and by which criteria they could be ranked in each region? Are they just limited to the natural resources or other factors - such as location of the region in relation to other regions, could be counted as part of potentialities ?

- would investment for exploitation of regional potentials have to be considered as a regional need?

- how and where the priority between needs and potential could be determined?

However, in spite of these theoretical ambiguities, technically, elaboration of this policy depends heavily on, firstly the situation of regional information and secondly, the procedure of a national planning system.

a)The Availability of Information:

In any centralised system of planning, for territorial distribution of resources, a key factor is the availability of regional information. As well as socio-economic circumstances, but physical and environmental information are also prerequisites for a sound distribution of national resources.

For the First Plan, undoubtedly, adequate information about the socio-economic situation did not exist since the first national census was accomplished in 1956.

Appropriate data concerning natural resources and the physical structure of regions did not exist. This was always a serious obstacle against recognition of regional potentials. This has been pointed out by many writers:

"During this plan - the First Plan - which was for the seven years, insufficient data was available about the country's natural resources and manpower, and even about the financial situation."¹²

Although, for the Second Plan some regional information concerning the territorial distribution of the population was provided by the national census, the lack of physical and environmental information had not allowed a proper distribution of resources. Ebtehadg- the head of P.B.O , has pointed out this problem in his memoirs, where he describes the story of invitation from David Lilienthal for preparation of the Khuzistan development plan - this will be discussed in more detail in chapter 8 - in 1955:

"I tried to provide some information before his arriving , unfortunately, there was not even minimum information about Khuzistan in the whole Ministry of Agriculture" ¹³

The data concerning the regional needs and regional potentials, particularly the latter - have always been a major obstacle against successful elaboration of the national plan. Almost all national plans have acknowledged the insufficiencies of the necessary data and information particularly concerning the regional distribution of the activities and services. Not surprisingly the problem of the lack of necessary information is still a major problem in the process of preparation of the national plan. The Second Plan of 1994 also reveals this shortage through reviewing the Performance of the First Plan of 1989¹⁴. (see report of the following sectors: Industry 2-6, trade, 2-21, agriculture, 3-17; gas 4-7; rural housing, 5-4; urban development, 5-10; transportation, 6-15, tourism, 7-8, higher education 8-12; social services, 10-5). Therefore, regarding the lack of adequate data at the central level, forecasting of the basic needs of a region has not been easily feasible in practice- i.e., the number of required class rooms , hospital beds, roads and infrastructural facilities, etc. Hence, the question is, how should the

development resources have been appropriately distributed between the regions?

b)The Procedure of Preparation of the National Plan:

The elaboration of this type of policy in procedural terms requires a planning process with the following characteristics:

-the selection of the sectoral criteria for allocation of the resources of the sector to development projects can appropriately be supervised by sufficient number of authorised bodies for regional and inter-sectoral co-ordinations;

-the region has been provided with the right to express their needs and expectations, as well as a more satisfactory consensus between regional and sectoral sides during the process of geographical distribution of the national resources¹⁵;

Apart from the Sixth Plan which will be explained in chapter eight, there is no evidence to suggest that the national planning system has had one or both of the above characteristics in any period of the history of planning in Iran, particularly since the Third Plan.

As explained in chapter three and chapter four the procedure of preparation of the national plan since the Third Plan (1961) - except the Sixth plan - has remained relatively unchanged. In chapter seven the planning procedure will be discussed in detail.

I-3)Conclusion:

In effect, the sectoral approach to elaboration of the national plan within a heavily centralised system of national planning has never allowed some criteria for regional or provincial distribution of the national resources to be adequately applied. Such policies on one hand indicate the necessity of selection and application of some criteria for better and rational distribution of the resources among the regions of the country. On the other hand these policies can reveal the inability of the planning system for appropriate accommodation of the regional dimension of the national plan.

II) The Policies for development of Specific regions:

II-1)Introducing the Policy:

THE POLICY OF REGIONAL DEVELOPMENT POLES:

From the Third plan, explicitly, some spatial development strategies were introduced. The Third plan's regional policy concentrated on intensive investment in regions which possessed a considerable potential for development¹⁶. According to this policy "*Development poles*" were introduced. Five agriculture development poles- Gorgan, Isphahan, Gilan, Khuzistan and Azarbayejan-and four industrial development poles- Isphahan, Tabriz, Arak and Ghazvin- were designated.¹⁷

The Fourth plan was dominated by the policy of development poles, and the plan did attempt to present a more elaborated policy than the Third plan. The Fourth plan strongly criticised the weakness of regional development policies in the previous plans, including the inability of economic policies to guide the human settlement system, and to curb the trends of migration¹⁸. The plan explained the aim of the policy as follows:

"The necessity of concentration of investment in selected areas rather than geographically excessively dispersed investing should be considered."

and:

-At the first stage, sufficient resources should be allocated for investment in those region which enjoy a high potentiality of development in natural resources for achieving maximum profit, for development of backward areas in next stage.

Then the following policies were recommended for implementation :

-recognition of regional resources and abilities, to identify the development poles in each region, to enable concentration of investment with the aim to approach the maximum output and acceleration of national economic growth process.

-identification and selection of the agriculture development poles, on the basis of their natural resources capacity and abilities and also their potential for influence over other regions, and establishment of large

agricultural and livestock firms with advanced methods of utilisation.

-expansion of industrial poles in different parts of the country to such an extent that they will be qualified as industrial, and the core centre for regional development¹⁹.

In addition, for better implementation of development poles a package of incentive policies were introduced as followings:

-Strengthening of infrastructural facilities and equipment by the government, such as; water supply, electricity, transportation and communication.

- Creation of appropriate banking and financial facilities.

-Sufficient supply of public, social and administrative services, such as; education and health services and necessary administrative units.

-Tax exemption and other incentives.²⁰

Finally the Fourth Plan stipulated that, determination of new poles should be supported by sufficient and convincing regional studies.

II-2) The Analysis of the Policy:

2-1:THEORETICAL ANALYSIS:

Although the "*development pole policy*" had been conceived by planners as a remedy for many socio-economic problems in the 1960s, the relationship between national economic growth policy and regional development strategy, entered into a new stage in which the concept of a region has been slightly identified. The unified and '*absolute space*' of the previous plans, was replaced by some sense of '*relative space*'. Theoretically, the idea of development poles in Iran had been borrowed from the Western literature with attempt at adapting it to the circumstance of the planning system. The following examples can confirm that the application of the policy had been based on a blurred conceptual framework: although the main purpose of the policy was

clarified in the Plan's documents, it was not explained whether the policy essentially aimed to facilitate sectoral development or to accelerate the process of regional development:

1) In terms of sectoral development:

-the nature of pole, the speed of growth, leading activity in each pole, the "bigness" of propulsive firms, the relationships between internal growth and external effects, the "interrelations with other sectors"²¹, have never been discussed. In particular, for industrial poles, the role of other sectors - i.e., infrastructural and services sectors, training of the labour forces, and urban development policies - had never been determined.

2) in terms of regional development and planning,

- despite the recommendations of the plan, the development poles, were never designated on the basis of a comprehensive long-run national spatial development strategy. It seems the selection of development poles was inspired by the existing spatial organisation of the country rather than from deliberate decisions and innovative approaches for policy-making²², since they consisted of those areas which had already been worked as a development pole by the definition of the plan. The impact of the development pole on the economic structure of relevant regions - in particular in the contexts such as; service and infrastructure sectors, settlement pattern, rural society - had never been analysed.

3) in terms of national spatial strategy:

- the territorial division of labour, the scale and content of development poles, their horizontal and vertical relations, had not been considered.

-even if this policy had been successfully implemented, it needed to be associated with adequate policies to respond to the needs of backward regions while they were waiting for the accomplishment of this policy and to obtain the promised 'trickle down' waves of development, particularly when this expectation would have lasted for the period of

more than one or to five year plans.

However some of these weaknesses have also been commented on by other writers. For instance *Nattagh* has criticised the policy of agriculture development poles as following:

"It is not clear the extent to which the concept of poles of development, used in successive development plans in Iran, towards the agriculture sector has been as a result of particular planning perceptions of physical environment. The discussion on the relative weight of such a perception- as apposed to mechanical application of a planning tool such as the concept of pole of development which is probably more suited to the developed economies on the formulation of government policies is beyond the scope of this study. We nevertheless consider it important to point out the negative impact that such a planning tool had in Iran's case, since many of the arguments in favour against polarisation in the rural sector are essentially of a non-ideological nature. The argument for polarisation in terms of investment, infrastructural development and supply of agricultural inputs is based on the fact that there were too many small, scattered and isolated villages in Iran. Limited manpower and a lack of physical accessibility therefore made it logical to concentrate on these areas with optimum occurrence of cultivation, soil and water, training for extension of workers and research institutions."²³

2-2:THE PROCEDURAL ANALYSIS:

Apart from the theoretical weakness of the policy, technically, the process of polarisation is concerned with the application of input-output tables for the dynamic interpretation of regional activities, and in addition, recognition of the economic dominance of a given region. Not only these tables have been - and still are - available for regional economics in Iran, but the recognition of technical origin of interdependencies between regional economic flux has been difficult²⁴.

Undoubtedly, the elaboration of this policy, requires an adequate mechanism for inter-sectoral co-ordination, while the Third and Fourth Plans, were prepared through a conventional procedure of planning, which had never had an efficient inter-sectoral co-ordination for regionalisation of its corresponding sectoral plans.

II-3)Conclusions:

Although, the Fourth plan had attempted to improve the relationship between national economic growth strategies and the regional development process, the main procedure of preparation of the national plan, was not effectively modified. There is no evidence to suggest an appropriate alteration in the planning apparatus for more efficient consideration of the regional planning in general and improvement of development poles policy in particular. Moreover, the basic stage of sectoral elaboration of the macro-economic plan, was again accomplished without an appropriate inter-sectoral co-ordination for regional distribution of investment towards development pole policy²⁵. Precisely, the sectors continued their resource allocation without significant commitment to the spatial and regional policies of the plan, hence, the Fourth plan could not change the tradition of planning more than the Third plan.

Finally despite these efforts towards enhancement of the regional dimension of national plans, the theoretical insight concerning the implication of the processes of regional development never improved. This failure of regional policies of the national plans including the development poles policy of the Third and Fourth Plans has also been discussed by many authors, for instance:

"However the ratified and implemented regional development policies, between 1948 and 1972 - from the First to the end of the Fourth plan - such an ineffective painkiller, could not improve more equilibrium for unbalanced level of income production between the regions , but the accelerated growth of the national economy has revealed an excessive regional imbalances for national development authorities as well as planners."²⁶

The results of such a system of decision making and sectoral approach to the elaboration of policies within the national planning system can be understood by the introduction of the Fifth Plan:

"The study of the geographical distribution of investment and contribution of provinces to the growth of GNP indicates that: in the

last decade most investment particularly for productive and service facilities has been concentrated in Teheran and recently in a few regions of the country. This trend has caused immense disparities in the level of income between developed and less developed regions. The excessive migration to Teheran and the main urban centres could generate a wide range of urban problems.¹²⁷

III)Decentralisation Policies:

The Case of Local Special Programmes;

1-1: The Background:

Soon after the beginning of the period of implementation of the Fifth plan, there was an upsurge in oil prices, and as its major consequence the resource for investment was increased. Therefore, the original Fifth plan was deemed too modest for digesting such a great deal of resources , thus, it was replaced by the Revised fifth plan, to respond to the new circumstances. Although, the main regional policies of the Fifth plan were not basically changed , however, the main regional policy of the revised plan were as following:

- the more equilibrated socio-economic development of the different regions of the country.
- particular attention should be paid to the less developed areas, to ensure a more equitable/rightful distribution of social and welfare services, and to strengthen the economic base of these regions.²⁸

Therefore the new policy was introduced:

- preparation of provincial special development programmes on the basis of the province's peculiarities and abilities, also the improvement of the co-ordination between the plan and its implementation at the provincial level.²⁹

As a result of this policy the "Special Local Programmes"- hereinafter SLP- played a significant role in regional development planning. The SLP consisted of a wide range of small local development programmes such as school, public bath, rural roads,water supply, etc.

The origin of this concept was laid down in 1970, when the P.B.O's deputy of regional affairs took the initiative to send a mission of central planners to all the provinces in order to identify local small development projects with close contribution from regional authorities³⁰. The results are known under the title *The Complex of Development Projects*³¹. Two years later, according to the Law of the Plan and Budget - March 1973 - for the purpose of the administrative decentralisation some responsibilities were given to the Ostandars (provincial governor), including the distribution of the provincial development resources which were allocated by the central P.B.O³². The main concern of the principles and executive criteria of SLP were as following:

- a) **The general guidelines for local development, and provincial allocation of local development resources will be determined by the centre.**
- b) **The identification of the development projects and their location, and the corresponding administrative and legislation process will be determined at the provincial level³³.**

In 1974, the SLPs achieved less than 5% of national fixed development resources from the government³⁴, thus in terms of national economy it was more an imperceptible change rather than its relatively greater political and administrative effects.

III-2)The Analysis of the Policy:

The SLP was appreciated by the regional authorities and analysed as a promising step towards decentralisation and contribution of the regional decision makers and planners³⁵. It should be mentioned that the main factor for the appearance of the SLP was the same factor which replaced the original Fifth plan by the revised plan, simply because of an upsurge in oil prices, rather than a deliberate policy towards decentralisation³⁶. Abundant financial resources for development changed the whole planning environment. Indeed, the centre was being faced by the strategic decisions to find various purposes, including expansion of the executive machinery, for devouring these resources. Thus, the question raised :

-why should the centre be preoccupied by making decisions over less valuable ordinary issues such as local development projects, which were likely to increase the need for an expanded central government machinery? The political benefit of this policy for the government of pretending to a more decentralised system of decision making, was that it would have brought more satisfaction to provincial authorities. Hence the increase in oil revenues in 1972 did influence the relation between central and provincial planning systems as well as the implication of provincial planning³⁷.

The regional planning which was moving towards a purely economic concept of planning, and strong incorporation with the national economic development plan in the fifth plan, changed its direction to a less economic concept of planning with more independence from national planning, concentrating on small projects under the policy of SLP. However, this concept was a determinant factor in the new implication of regional planning, which emanated from an irrational division of labour between central and regional levels of decision making. Although the central planning authorities at the centre never admitted, it was assumed that the centre should take the more significant and strategic decisions, and the regions could deal better with the less important, local problems³⁸. Although this concept may seem reasonable in terms of administrative hierarchy, it can not be acceptable in terms of a rational decision making process.

Many of the significant strategic central decisions have had - and have - a strong regional dimension which requires appropriate central-regional consultations to make proper decisions. More significantly, an important consequence of this concept arose from the generalisation of administrative sovereignty of the central level over the regional level, with the dominance of national and sectoral planning over regional and spatial planning. Since national development plans can always be elaborated or articulated either sectorally or regionally - as discussed earlier - theoretically, priority of sector over region - an equitable alternative means for elaboration of a national plan - is not rationally reasonable, particularly when this would leads to the gradual elimination of other alternatives.

The second subject for discussion is the mechanism of inter-provincial distribution of the SLP's resources. Similar to the problem of the national planning the pattern of geographical distribution of the resources has never been guided or formulated by either the central or provincial planners. The difference between the national planning allocation and SLP distribution is that the former relies on quantitative objectives and econometric models for forecasting the results of allocation. The latter have never used a rational model for distribution of the resources among the various areas of provinces³⁹. The SLPs usually determine through the meeting of the relevant committee and on the basis of negotiations. Therefore it has always been a political instrument for provincial authorities to compensate those problems which arise from negligence of the national planning system in particular areas⁴⁰.

III-3) Conclusions:

This policy, in spite, as claimed, a step towards decentralisation, in practice, has been a step towards the elimination of the importance of spatial and regional aspects of development in the process of national planning. Therefore, the impact of this change not only influenced the implication of regional planning, it also brought about some distortions in the implications of development planning as a whole. This has emanated from the disintegration of a two-dimensional phenomenon such as a development project - as explained earlier a combination of an activity and a location - by the relative elimination of the significance of the regional dimension.

As will be discussed in chapter nine, rationally, the relationship between national projects and local projects should be controllable within an efficient incorporated system of planning in which national and regional decisions can reciprocally be co-ordinated. However, this condition is in contrast with the separation of national and regional levels of decision making. Finally these types of decentralisation policies can reveal the centralist nature of the system of national planning which has not been prepared for a reasonable contribution by regional planners and decision-makers to solve development problems.

IV)The Policies Concerning the Economy of Space:

iv-1)Introducing the policy:

This group of policies would represent the intellectual knowledge of national planners and policy-makers concerning the '*spatial aspects*' of socio-economic policies. Even in a centralised system of planning without any tendency towards regionalism, for optimum use of resources the impact of space on the economy should not be neglected. These policies would explain the regional dimension of the national planning system and consist of a wide range of policies concerning the following issues:

-the economy of scale and the scale of economy, external economy, regional comparative advantages and regional division of labour, the optimum size and location of firms, forward-backward linkages between economic activities, vertical division of labour among the various levels of the hierarchy of sectoral spatial structure, etc. Before the Sixth plan these policies were seldom stated in the national plan. Only the Fifth Plan drew attention to the regional co-ordination of development projects:

-harmonising the investments and development activities at the regional level.⁴¹

The Sixth plan by use of the results of the studies concerning formulation of the National Spatial Strategy Plan introduced a variety of these policies. The plan, through the modification of the planning system, in particular the procedure of preparation of the plan, attempted to create appropriate tools for their implementation. The experience of the Sixth Plan will be discussed in more detail in chapter eight.

A first post-revolutionary plan of 1989 presented several spatial policies. Although these policies have been explained earlier in this chapter some significant outlines will be repeated here;

-distribution of population and activities commensurate with relative advantage of each region;

-making productive complementary investment in regions possessing extra infrastructural capacities;

-spatial readjustment of saturated poles in which population size and activities have outgrown their infrastructural capacities and productive potential and where continuation of growth will lead to declining economic profitability⁴².

As can be observed by review of the regional policies of the Second Plan of 1993, the plan has not paid similar attention to this group of policies. It should be noted that the RPB's proposal concerning this group of policies was rejected by the planning officials at the last stage.⁴³

IV-2)The Analysis of the Policy:

This group of policies can not be easily evaluated. Firstly because of the conceptual and theoretical bases of these policies. According to the participatory observation there has always been controversy between those who suggest the policies and those who approve the policies.

Undoubtedly advocating these policies requires convincing theoretical evidence and reasonable empirical experiments. In fact these policies can be seen as the boundary of confrontation between economists sectoral planners and regionalist physical planners, therefore their approval depends heavily on the ability of the latter group to justify their views to the former group in an economist dominant planning agency⁴⁴.

More importantly these policies should be elaborated by appropriate executive mechanisms which could only be achieved with close contribution of planners, not only between sectoral planners and regional planners, but also between sectoral planners themselves. For instance, although the Fifth Plan drew attention to the necessity for regional harmonisation of the development projects, it was not accompanied by the relevant mechanism and instruments for such harmonisation.

IV-3) Conclusion:

This group of policies requires a dynamic procedure for elaboration of the

national plan, with sufficient interaction between the various planning departments, for articulation of the conceptual bases of the policies commensurate with practical realities for their better implementation. This procedure also, needless to say, requires a well-organised planning apparatus with a sufficient number of sectoral and regional bodies with mutual understanding regarding the necessity of close contribution for improving the sectoral and regional dimensions of these policies and upgrading the performance of the planning system. Both the conventional procedure for preparation of the national plan and the planning apparatus, are far from these conditions. Instead the planning system has always witnessed the insistence of regionalists and the resistance of sectoralists, for entering these policies into the planning document⁴⁵. As is mentioned earlier in this chapter, the sectoral units have never been prepared for any contribution from any outsider from the sector's realm, in particular from the regions.

Conclusions of the Chapter Six:

At first sight, one may conceive that since the inception of national planning efforts in Iran, the regional dimension of the national policies has always been considered properly. One might have been convinced because a wide range of regional policies have been stated in various national plans. Not surprisingly a more in-depth investigation of these policies will reveal that these policies have been more an attempt to say something rather than to do what might be done. The reasons are as follows:

- *the policies have never been formulated in the light of appropriate intellectual knowledge regarding the theoretical bases of regional development processes, as well as the practical implications of these policies. In general the ambivalent nature of the procedure of policy-making can be inferred from: the selection of policies without appraisal of their consequences as well as their requirements, and shifting from one policy to another policy without interpretation of the results of previous policies;*
- *the formulation of policies have never been accompanied by interpretation of the procedure of their elaboration for understanding what procedural changes in the process of elaboration of the plan are necessary for rational articulation of policies;*

- the selected policies have never been supported by executive mechanisms and appropriate devices for their successful implementation.

These conclusions suggest analysis of the procedure of the preparation and elaboration of the national plan is required, to understand to what extent the conventional system of sectoral elaboration of the national plan is committed to the consideration of regional development criteria, as well as to measure regional efficiencies for accommodating the regional changes which would be stipulated by national plan decisions. These aspects of the planning system will be analyzed in the next chapter.

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3. *Ibid. 1, op.cit, Section 3, p.12.*
4. *Ibid. 1, Section Four, p.14 and see "Osoul va Hadafla ye Barnameh ye Omrani ye Chaharom e Keshvar* - The Principals and Objectives of the Fourth National Development Plan, PBO, Teheran, August 1968, pp.32-33.
5. "*Barnameh ie Panjom e Omrani ie Keshvar* - The Fifth National Development Plan", PBO, Teheran, 1972, p.119.
6. "*kholaseh ie Barnameh ie Panjom e Omrani ie Keshvar: Tajdid e Nazar Shodeh* - The Summary of the Revised Fifth National Development Plan", PBO, Teheran, 1973, p.5-7 and "*Iran's Fifth Development Plan 1973-1978; Revised, a Summary*, PBO, Teheran, 1975.
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11. *Ibid.2.*
12. See K.Birashk, "*Barnameh ha ye Omrani ye Keshvar* - The National Development Plans", University of Tehran, 1963, p.27.
13. A.Ebtehaj, "*The Memories of AbolHassan Ebtehaj*", Paka Print Ltd, London, 1991, p.385.
14. "*Amalkard e Barnameh ye Avval Towse e ye Eghtesadi, Ejtema ee, va Farhangi ye Jomhouri y e Eslami ye Iran, 1368-1372* - The Performance of the First National Economic, Social and Cultural Development Plan of Islamic Republic of Iran, 1989-1993), Volume Eleven from 'The Second Plan's Documentations', Teheran, PBO, March 1994, p(2-6) for Industry, P(2-21) for Trade, P(3-17) for Agriculture,
15. Interview 1994.
16. *Ibid.3*, and "Outline of the Third Plan, Division of Economic Affairs, PBO, Teheran, 1961, and see M.Shapourgan, "*Tose e ye Siasat Omran e Mantagheh ee dar Barnameh Sevvom va Chaharom* - The Improvement of Regional Development Policies in Third and Fourth Plans", University of Teheran, Faculty of Economics, 1970.
17. *Ibid .16*.and see "*Majmou e ye Avval* - First Collection", RPB, PBO, Teheran, 1883, p.90.
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20. *Ibid .*

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- 23 . N. Nattagh,"Agriculture & Regional development in Iran", Middle East & North African Studies press Limited, cambridgeshire, England, 1986, p.56.
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31. Ibid .
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35. For example see Ibid 26 and Ibid 30,op.cit, p.94.
36. Interview 1993.
37. Interview 1993.
38. Interview 1993.
39. Interview 1992.
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41. Ibid. 27.
42. Ibid .9.
43. Ibid. 10., op.cit, p.86.
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CHAPTER SEVEN:

The Analysis of the regional efficiencies of the procedure of Preparation of the National Plan

- analytical explanation of the procedure of preparation of the national plan*
- testing the regional efficiencies of the national plan*
- the factors causing in the existing situation*

CHAPTER SEVEN :

THE ANALYSIS OF THE REGIONAL EFFICIENCIES OF THE PROCEDURE OF THE PREPARATION OF THE NATIONAL PLAN:

Introduction:

In earlier chapters, after explanation of the system of planning in Iran and the summary of the national development plans, the analysis of the regional policies of the national plans stimulated a series of questions:

-To what extent the conventional procedure of preparation of the national plan in general, and the process of elaboration of sectoral executive plans in particular, are able to respond to the regional policies of the national plan?

-Has the procedure of elaboration of the national plan had a major role in the failure of the regional policies and in the poor articulation of the spatial dimension of development policies?

These questions suggest a critical analysis of the regional aspects of the conventional procedure of the preparation of the national plan. In Chapter Two of this dissertation "*evaluating the decision process*" was introduced as one of recognised method of evaluating the planning system. This chapter concentrates on evaluation of the regional efficiencies of the national plan's decision process and testing the ability of the system in conducting and ordering the processes of regional development. Therefore this chapter is the most significant part of the current dissertation. This examination will be carried out by testing the three following questions:

FIRST QUESTION:

-How would the national planning system articulate the regional aspects and spatial dimension of the sectoral decisions?

It is assumed that if the process of sectoral elaboration of the plan could not adequately articulate the regional dimension of the sectoral decisions then it could be inferred that: the national planning system is unable to order and accommodate the processes of regional changes.

SECOND QUESTION:

-How would the locational decisions of various sectors be co-ordinated within the conventional procedure of preparation of the national plan?

It has been assumed that if the planning system could not co-ordinate regional distribution of various sectors' investments then it could be inferred that the possibility of haphazard contribution of national planning in regional changes would be increased.

THIRD QUESTION:

-How and where would an independent regional development plan be incorporated into or digested by the process of the national planning system?

Also it has been assumed that if the constraints of the national planning system does not allow the application of the results of an independent regional plan then it could be inferred that the national planning system would prevent an independent regional development plan being implemented.

Obviously the major assumption is: if the existence of all the above conditions could be confirmed, then one can infer the inability of the national planning system both to manage the regional consequences of the sectoral decisions and to support deliberate and purposeful processes of regional development.

1-SECTION ONE of this chapter consists of the analytical explanation of the procedure of preparation of the national plan. After mentioning the importance of this procedure the Second Plan's planning system will be analysed through the following issues:

- 1)the main steps in the process of the preparation of the national plan;
- 2)the planning apparatus;
- 3)the circulation of the system: the network of planning activities;
- 4)the main stages of preparation of the plan
- 5)the contents and the final product of the plan;
- 6)the stage of programming of the Second Plan;

2-SECTION TWO of this chapter is designed for evaluating the regional aspects of the national planning system:

- 1)testing the regional efficiency of the national planning system;
- 2) a conceptual framework for evaluation of the regional efficiency of the national planning system;
- 3)conclusions.

3-SECTION THREE of this chapter is devoted to discussion of the reasons behind the existing situation. In searching for possible causes of the problem the following issues will be discussed:

- 1)the law of planning;
- 2)the theory of the economic growth, the concept of macro-economic planning, and the nature of the econometric models;
- 3)the regional bodies of the national plan system;
- 4)the procedure of the preparation of the national plan;

It is necessary to explain that although Iran has had various experiences in the procedure of preparation of the national plans - which are more or less similar - the selected procedure for analysis here is related to the Second National Plan of 1993.

In order to analyse the planning activities for each activity, first the conceptual views which have been explained in the Basic Instructions of the Preparation of the Plan - a series of directives and circular which were produced by the NPH for conducting the process of preparation of the plan - will be introduced and then the practice of that activity will be analysed. The main sources for analysing the planning process have been: the personal observations, the analysis of planning documents, and the results of interviews and discussions with officials and planners at various committees and councils of planning as well as with professional planners at permanent planning units.

1-SECTION ONE: THE ANALYSIS OF THE PLANNING PROCESS:

The Significance of the Procedure of the National Plan:

Before explaining and analysing the process of preparation of a national development plan it is worth drawing attention to its significance. Undoubtedly, this process will determine the success or failure of attempts towards fulfilment of development objectives. On one hand, in most of the developing countries investment by government has had a decisive role in the vast range of socio-economic functions. For instance: that of the mode and quantity of production and consumption, the public welfare and life standard, employment, mobilisation and settlement of the population, the trend of urbanisation, the regional equilibrium and the like. On the other hand, the content and efficiency and implementability of a development plan as an instrument for control and harmonising of the government investments and expenditures is hardly dependent on the way of preparation of the plan. Hence, the planning system could be identified as one of the most significant systems of management of socio-economic and spatial structures of the country - not only for the government but for the entire nation.

In the case of Iran, as it has already been mentioned in chapter three of this dissertation, several factors are involved to increase this significance. These factors are such as the followings:

- the existence of an oil-dependent economy,
- the sovereignty of government in specification and externalising,
- the nature and the content of the socio-economic development due to the lack of political parties,
- a centralised system of management and financial allocation in the absence of a meaningful local or regional autonomy,
- the dominating monopoly of the medium-term national planning as a main stream of decision-making, and the lack of any effective regional and physical systems of planning.

Finally the procedure of preparation of the national plan would reveal the nature of the government, its political characteristics, and the abilities of its technocrats.

1- 1) The Main Steps in the Process of the Preparation of the National Plan:

The Second Plan was prepared in 14 steps as follows:

1- Formulation of the medium-term macro-economic plan including an overall feature as well as the basic strategies of the plan;

2-Formation of the Council for Planning in Socio-Economic Affairs, (hereinafter - CPSEA), introducing the macro-economic plan to the council and justifying to them their responsibilities during the process of preparation of the plan;

3-Formation of Sectoral Planning Councils (SPC) and Provincial Planning Committees (PPC), formation of the Councils for Integration of the Sectoral Planning (CISP), formation of the Council for Integration of Regional Planning (CIRP), formation of the Macro-Economics Committees(MEC);

4- Formulation of the sectoral and provincial planning proposals and submitting them to the respective councils;

5-Integration of the sectoral plans by CISP and integration of the provincial plans by CIRP and necessary co-ordination between sectors and regions; concluding the plans according to the various councils of the planning system;

6-return of the sectoral and provincial plans to the sectoral and provincial councils by the CPSEA ;

7-Rearrangement of the plans by the planning committees after necessary modifications;

8-Reflecting the modifications to the CISPs and CIPP;

9-Reflecting the modifications to the SPCs and PPCs;

10-Finalising the plans by the SPCs and PPCs;

11-Final synthesising of the sectoral plans by the CISPs and of the provincial plans by the CIRP;

12-Finalising of the national development plan and the preparation of the legislative bill for the approval of the parliament;

13-Ratification of the documents of the plan by the Supreme Council of Economy and submitting for approval of the Council of Ministers;

14-Presentation of the bill of the medium-term socio-economic Plan to the Islamic Parliament.¹

1-2) The Planning Apparatus - The Machinery of Preparation of the National Plan:

The planning apparatus should be divided into the two following categories:

a)the permanent apparatus, that of the Plan and Budget organisation of which the functions and structure have been generally described in chapter three; and

b)the periodical apparatus which is the main concern of explanation in this chapter.

The machinery for preparation, supervision, and preliminary approval of the Second Plan consisted of four levels as follows:

LEVEL ONE:

The Head of the Planning System: The Supreme Assembly for Economic.

The Supreme Assembly for Economy (SEA) is the highest body in the government administration responsible for policy-making and planning in the context of the socio-economic affairs. The president of the republic is the head of the SEA which is formed from relevant ministers of the cabinet. The PBO has always been the secretariat of the SEA, and the National Planning Headquarters (NPH) is the highest technical body within the PBO for technical supervision and monitoring of the operations towards preparation of the national plan. For instance all planning instructions, guidelines, and circular issue are under the supervision of the NHP². The SEA approvals should pass from the Councils of the Ministers before the presentation

of the plan to the parliament by the government. For supervising the activities concerning the preparation of the national plan the Council for Planning in Socio-Economic Affairs (CPSEA) is to be formed in the period of preparation and ratification of the plan. The head of the PBO is the head of the CPSEA, which consists of the deputies of the PBO - the Deputy for Economic Affairs and the Deputy for Regional Affairs - the Deputy of the Ministry of Economic and Financial Affairs, the Deputy of the Islamic Republic Central Bank, the head of the Council for Trade and Industries, and the head of the PBO's Macro-Economic Bureau³.

The CPSEA regarding the duties of supervising the planning process has a wide range of activities such as the specification of main objectives of the plan, the substantial aspects of the plan, the technical aspects of the plan, the organisational form of the plan and all that would relate to the plan in various stages of its preparation⁴.

The CPSEA is to be supported by seven committees for planning of the economic affairs such as the following:

- 1-The Committee for Planning the Monetary, Foreign Exchange, Credit, and Banking Affairs;**
- 2-The Committee for Planning in Financial, Budget, Tax, and Subsidies Affairs;**
- 3-The Committee for Planning in Foreign Trades Affairs;**
- 4-The Committee for Privatisation and Competition;**
- 5-The Committee for Appraisal of the New Economic Projects and Programmes;**
- 6-The Committee for Consideration of the Technical and Executive Implementation Policies and Systems;**
- 7-The Committee for Planning in Human Resources and Employment⁵.**

LEVEL TWO:

The Medium Level: Planning Councils:

The medium level units of the planning apparatus are mainly created for the purpose of co-ordinating, integrating and synthesising the planning activities for various purposes at various stages of the preparation of the plan. Moreover these units also supervise the CSPs or CPP as part of their duties. For the Second Plan these have been

as follows:

a)The Council for the Integration of Productive Sectors which is responsible for planning activities in the sectors such as water, agriculture, manufacturing , mining, and trade;

b)The Council for Integration of Social Affairs Sectors which embraces such sectors as education, health, social welfare, sport, cultural heritage, defense and security sectors;

c)The Council for Integration of Infrastructural Sectors which includes sectors such as energy, housing, transportation, and communication;

d)The Council for Integration of Regional Plans which should co-ordinate and synthesise provincial development planning proposals.⁶

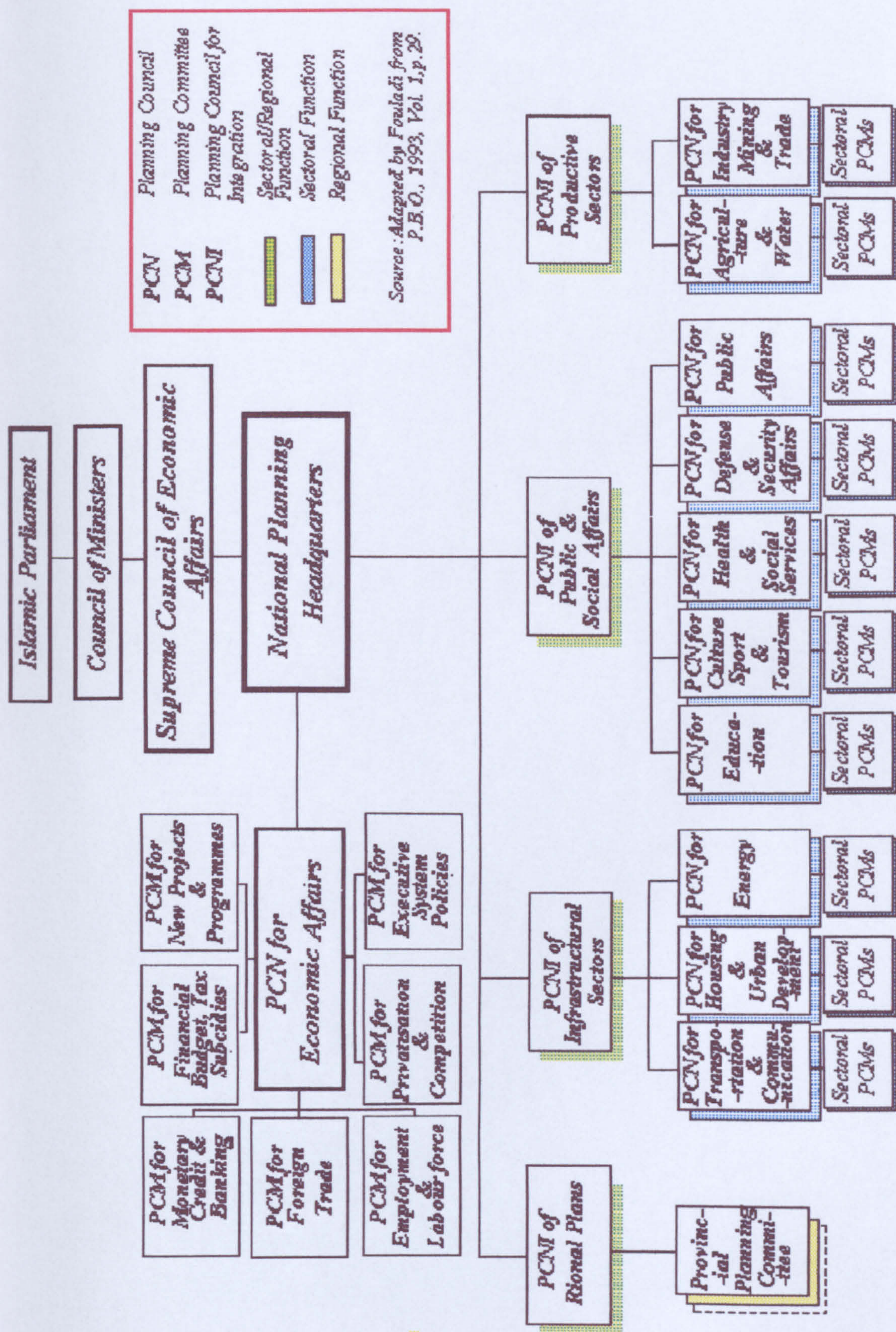
LEVEL THREE:

The Base level: The Planning Committees:

This level consists of the most active planning units, which could mainly be divided as the sectoral and provincial bodies. There are ten Councils for Sectoral Planning - each of which has between two and seven Sectoral Planning Committees (SPC) - which were involved in the Second Plan at this level. The second plan had 40 committees for sectoral planning. In addition at this level there are also Committees for Provincial Planning. The Second Plan had 24 of these provincial committees. Thus this level is the basis of planning apparatus and the main components of the plan to be produced at this level. The Second Plan was produced by the work of 15 planning councils and 77 planning committees.⁷ The organisational form of the planning apparatus has been illustrated in next page.

1-3)The Circulation of the System and the Network of Planning Activities:

The procedure of preparation of the national plan in fact could be better understood through consideration of the network of planning activities. The general circulation of activities



The Second Plan's Planning Apparatus

inside the planning apparatus also the network of planning activities for preparation of the Second Plan are illustrated in next pages.

1-4) The Main Stages of the Preparation of the Plan :

For explanation of the process of the preparation of the plan the 14 steps explained earlier could be divided into these stages:

- 1) the stage of formulation the medium-term macro-economic plan; and
- 2) the stage of elaboration of the macro-economic plan through preparation of the sectoral and regional medium-term development plans.

1-4-1) The First Stage:

Formulation of the Macro-Economic Plan:

The process of the preparation of the national plan starts in fact after the preparation of the medium-term macro-economic plan and plays the role of a general framework for co-ordination of decisions in various planning units⁸. The draft of the plan is initially prepared by the Macro-Economic Bureau of the P.B.O under the direct supervision of the NPH⁹. The approval of the draft by the CPSEA is in fact the beginning of the process of preparation of the national plan. The study and justification of this plan is the first job of all planning councils and committees soon after their formation¹⁰, the first stage of preparation of the national plan having been done before the reactivation of the planning machinery.

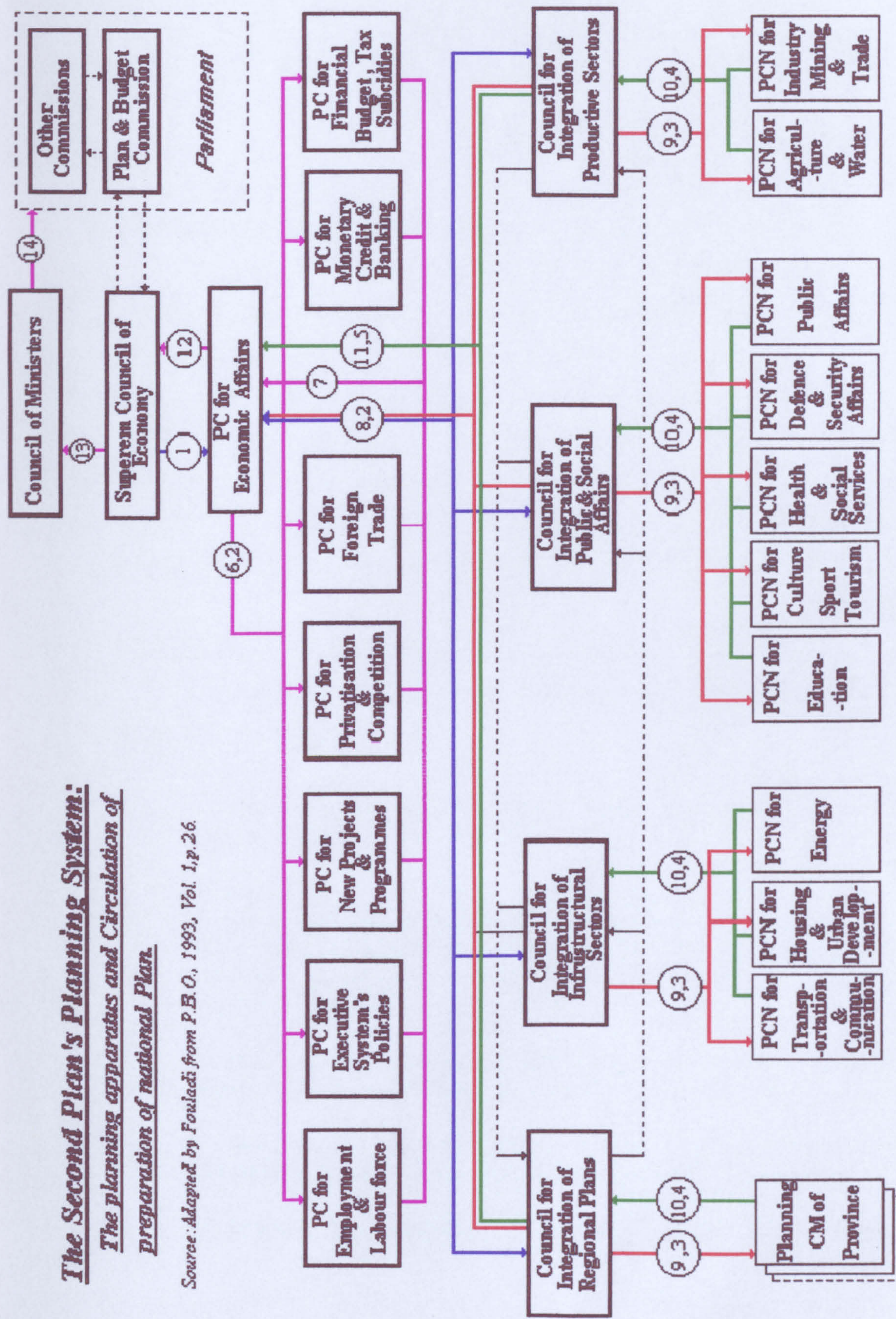
The Characteristics of the Macro-economic Plan:

This plan similar to macro-economic plans explains the quantitative objectives for growth of the Gross Domestic Product during the period of implementation of the plan¹¹. This objective is to be specified according to analysis of the main constraints in major macro-economic variables such as national revenues, saving, consumption (both the government and the private sector), export, and import, and investments¹². Finally by use of several allocative models, sectorally the production, investments, and employment are allocated¹³. The technical and procedural aspects of this plan will be

The Second Plan's Planning System:

The planning apparatus and Circulation of preparation of national Plan.

Source: Adapted by Fouladi from P.B.O., 1993, Vol. 1, p.26.



Note: Colours used only for better illustration of the flows of planning activities.

later discussed in this chapter. Apart from the tables which illustrate the quantitative objectives of the macro-economic framework, the draft plan also includes a series of qualitative objectives which are concerned with the main policy guidelines both at macro level and for various sectors¹⁴.

1-4-2) The Second Stage:

Elaboration of the Macro-economic plan - the Preparation of the Sectoral Plans:

The second stage in fact is that of the whole process which has been called " the process of preparation of the national plan"¹⁵. As explained earlier this stage starts with the approval of the macro-economic framework by the CPSEA. The formation of nearly one hundred planning units for the consideration and elaboration of the macro-economic framework is the starting point for the preparation of the national development plan. Perhaps a review of the duties of the main planning councils and committees and their final products will explain the nature and direction of this stage of preparation of the national plan:

a)The Duties of the Councils for Sectoral Planning:

According to the instruction for CSPs' activities, the main duties of a sectoral planning council are as follows:

1-preparation of the explanatory report concerning the existing situation of the sector with sufficient analyses;

2-making policy recommendations for various aspects of the sector's function and problems such as; privatisation, foreign investment, encouraging public and private contribution; taxation, tax exemptions, subsidies; employment, wage and payments, administrative and organisational problems;

3-specification of the quantitative targets, development strategies; division of labour between government and private sector;

4- selection of the development projects and programmes and scheduling their implementation and expenditure time tables;

5-setting up the executive policy recommendations for the period of

implementation;

6-preparation of separate plans for the governmental companies under the responsibility of the sector. ¹⁶

These activities can be seen in the operational flow chart of the planning process. On the basis of the above duties it should be expected that the final products of the sectoral planning units must have the following components:

- the policy recommendations for development of the sectors and sub-sector's activities;
- the elaborated quantitative targets for sub-sector's activities;
- the inventory of classified sector's and sub-sector's development programmes and projects according to priorities¹⁷.

b)The Duties of the Provincial Planning Committees:

Not surprisingly to one who knows the sectoral and regional sophistication of a sectoral-regional approach of the planning, from the start of the investigation, the regional problems begin to appear. There are two separate sources of explanation of the duties of the Provincial Planning Committees:

1- The RPB's instruction explains the wide ranges of duties for PPCs and expects the following products from them:

- formulation of the provincial overall medium-term development strategies and sectoral policies in the province;**
- the prioritisation of sectors and sub-sectors for investment during the period of the plan;**
- suggestion for new development programmes and projects;**
- estimation of the required investment resources for proposed projects and projects under construction;**
- the share of the government and the private sectors in formation of the development resources¹⁸;**

2- The NPH's instruction for the preparation of the provincial plan explains the main duties of the Provincial Planning Committees as follows:

-preparation of the provincial plan including urban development policies, the plan for municipalities' development activities and preparation of revenues and expenditures balance sheet;

-preparation of the provincial rural development plans;

-evaluation and analysis of the national law and regulations and making proposals for their modification and amendment towards facilitating the regional development processes¹⁹.

Interestingly both had been approved by the NPH. Therefore the PPCs carried-out two different duties under the Second Plan's planning procedure²⁰.

Therefore the final product of the provincial planning units according the NPH's views - despite the title - were not a multi-sectoral development planning proposals. In fact the final product embraces only the two sectors; that of the urban development sector and that of the rural development sector²¹. These realities too could easily be tested by the operational flow chart for preparation of the national plan in the next page.

It should be noted that, according to the operational flow chart similar to above explanation concerning the duties of the various planning committees and councils were also made by the instructions and circular from the NPH for all planning units, but for the purposes of this dissertation the analysis only includes the sectoral and provincial planning units.

1-5) The Contents of the Final Document of the Plan:

Finally, as with the First Post-Revolution National Plan the contents of the document of the bill of the Second National Plan which was officially presented to parliament by the government were as follows:

1-breakdown of the five year plan year by year;

2-consumption expenditures and investment in the five-year plan;

3-the investment during the plan;

4-a summary of the government's public budget;

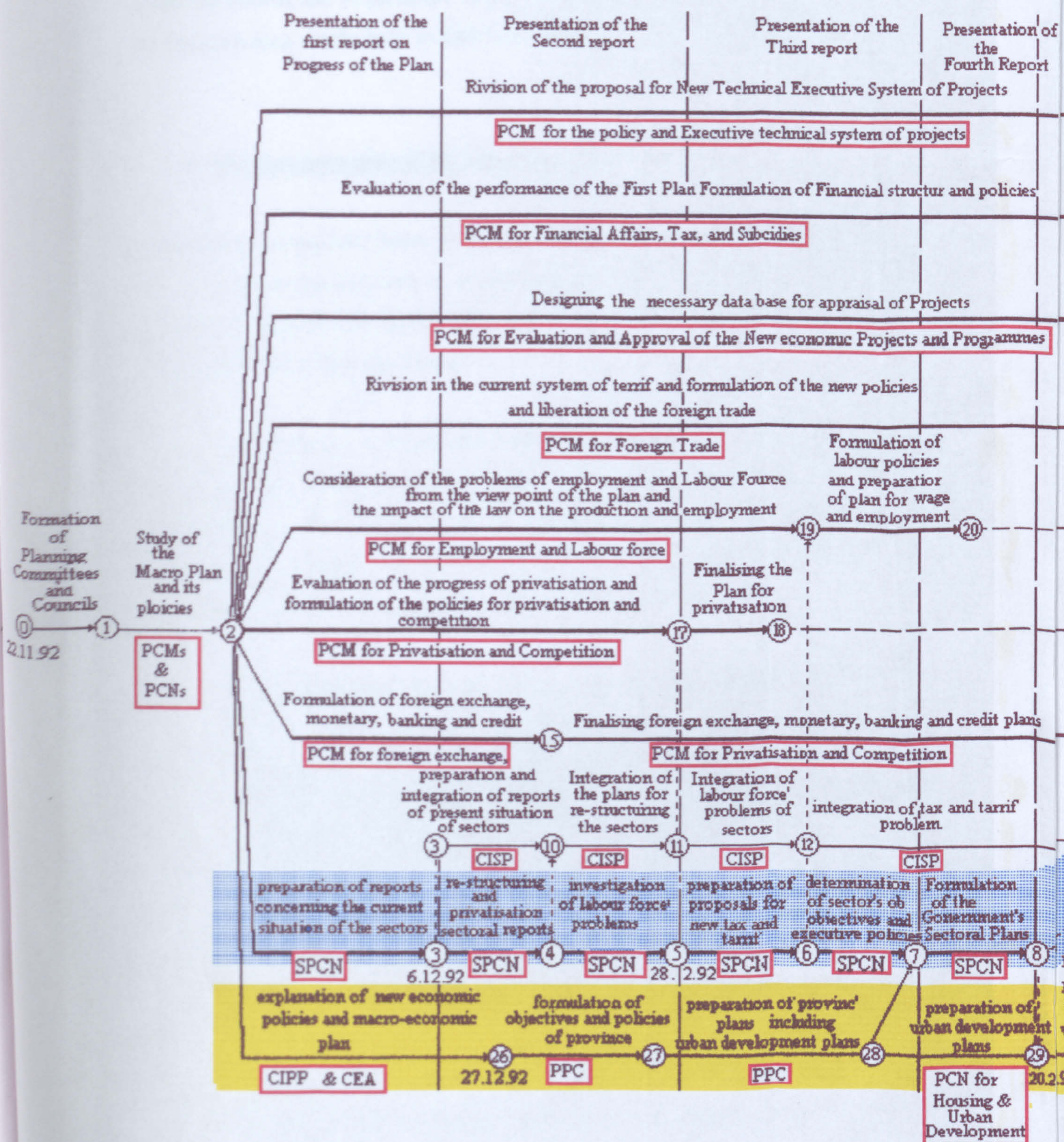
5-breakdown of figures of current funds during the plan period;

- 6-development fund during the plan;
- 7-consolidated balance sheet of the banking system and goods and services price index;
- 8-sources and outlays of foreign exchange during the plan period;
- 9-changes in employment by various economic sectors; and,
- 10-growth and evolution of per capita labour productivity²².

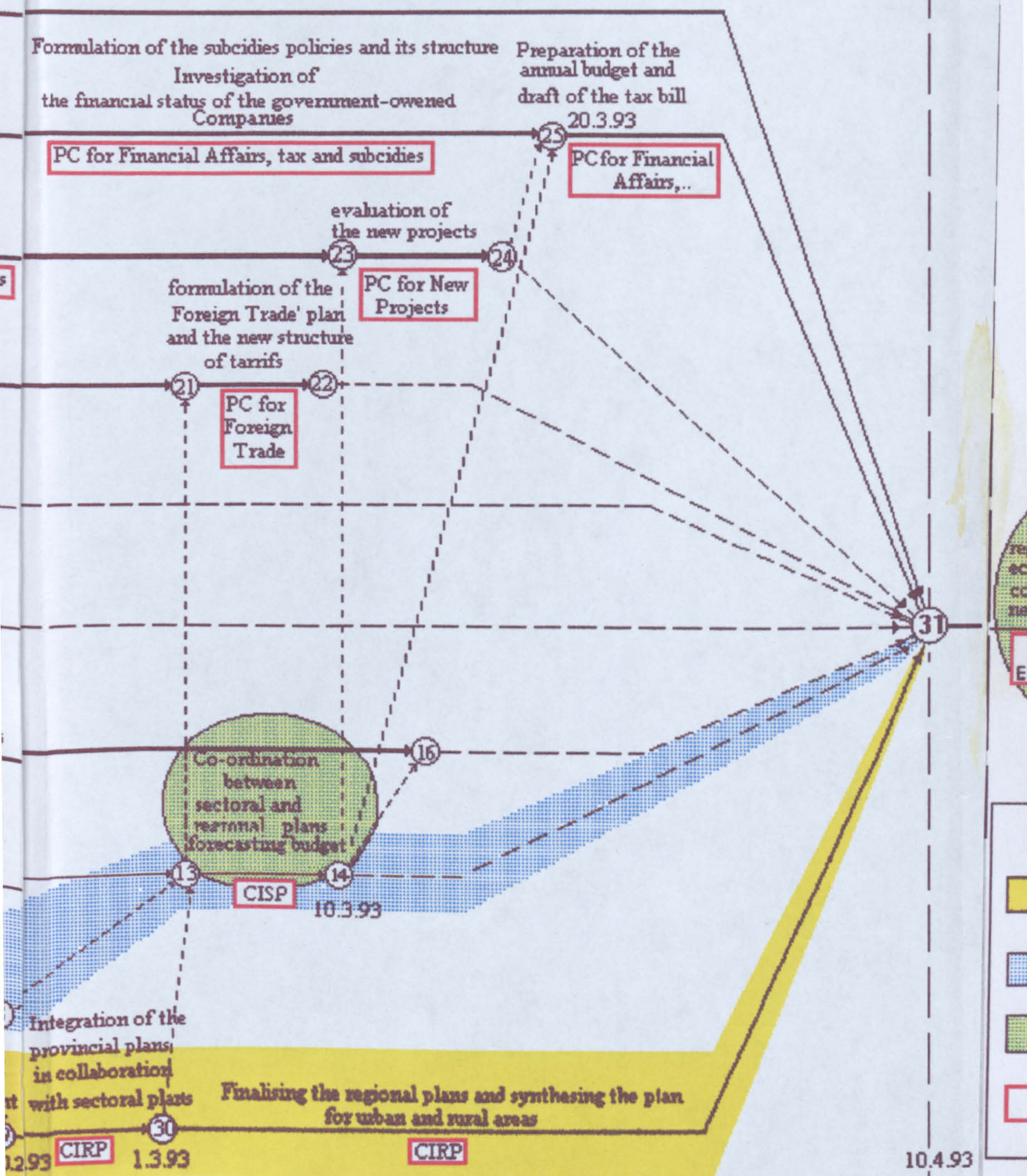
A review of the combination of the final document of the planning bill would clearly demonstrate that the second stage in fact is the stage of the 'year by year sectoral breaking down of the five-year macro-economic framework' . It will be discussed in the continuation of this chapter that this elaboration of the national plan has mostly had a budgeting nature rather than programming characteristics.

The first question which would arise in a comparison between the duties and the expected products of the sectoral and provincial planning units on one hand, and on the other hand the networks of the planning activities is: why does not the final document of the national plan consist of "the inventory of programmes and projects" of the plan? For one who has reviewed the official documents of each of the national development plans of Iran it would not be a surprising fact. Almost none of the national development plans has revealed such decisions²³. It has become a part of the national planning tradition that almost every plan starts by criticising the predecessors' plans and promises to obviate this deficiency but at the end of the process of preparation the plan will witness an abortive efforts at specification of the development programmes and projects²⁴. The series of questions raised here would be:

- Could a national development plan be effective without some approved coherent development activities for fulfilment of the objectives of the plan? and
- How would sectorally allocated resources of the macro-economic plan be distributed among the various regions of the country?
- Why has the programming stage never been regarded as an important stage in the procedure of preparation of the national plan?

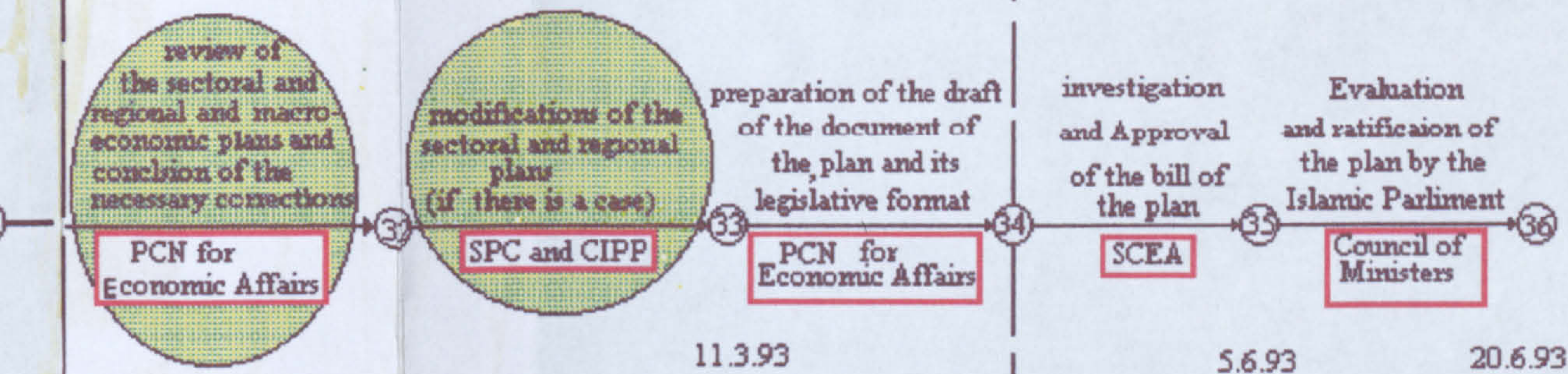


Presentation of the
Fifth report



Presentaion of the final report on progress of the plan

The Network of Planning Activities
The Process of Preparation of the National Plan
Source: Adapted with modification from PBO, 1993, Vol. 1, p.27.



LEGEND

- The Regional Flow**
The Subject & Order of PPCs' Activities
- The Sectoral Flow**
The Subject & Order of SPCs' Activities
- The Stage of Integration of Sectoral & Regional Plans**
- The Responsible Body:**

ABBREVIATION

- PCM** *Planning Committee*
- PCN** *Planning Council*
- CISP** *Council for Integration of Sectoral Plans*
- CIPP** *Council for Integration of the Provincial Plans*
- SPC** *Sectoral Planning Committee*
- PPC** *Provincial Planning Committee*
- SCEA** *Supreme Council for Economic Affairs*

Answers to these questions would reveal the origins of many deficiencies of the national planning system and in particular of its regional efficiencies. The analysis of the stage of programming would help to find the answers to the above questions.

1-6) The Interpretation of the Procedure of Programming:

1-6-1) The conceptual bases of the programming in the national planning system:

Perhaps the selection of an appropriate group of projects and programmes for a national plan should be regarded as a central problem for the planning system because of the following reasons:

Undoubtedly a national development plan in order to live up to its objectives should be able to determine those courses of actions - the development projects and programmes - which would lead the development efforts towards fulfilment of the objectives of the plan. In effect the programmes and projects of a national plan are doubly important for national and regional development:

- for externalising the path of achieving the national plan's objectives;
and**
- for determining the relations between sectoral and spatial development and regional and national development. In fact regional effects of a sectoralised system of the national planning could only be understood through consideration of the development projects and programmes of the plan²⁵.**

Therefore if this problem has not been recognized during the process of preparation of the plan, it would create continuous difficulties over the whole process of implementation of the plan and in many cases even years after that.

The term "*Development Programme*" in the Iranian planning literature, as in other countries, has been applied to a group of homogeneous (in terms of the nature)

or convergent (in terms of the objective) development projects, which are necessary for fulfilment of the pre-determined aim of a development plan²⁶. Therefore the programmes and projects would translate the overall objectives of a national plan into specific courses of action. Thus the process of programming is the process of the ultimate reduction of the overall objectives to a series of concrete development activities²⁷.

A "*Development Project*" is an investment in the establishment of a productive or an infrastructural or a social service firm or unit, usually combined from an activity and a location.

The stage of "*programming*" should principally link the planning to budgeting²⁸. In other words the national plan would be elaborated at this stage. Therefore "the preparation of the sectoral medium-term executive plan", "elaboration of the national plan", and "programming" have different implications but, in operational terms they have one thing in common. All imply the geographical distribution of the national plan's resources whether or not this distribution take places according to a pre-determined spatial pattern or on the basis of regional development criteria. Hence each of these terms examine the efficiencies of the national-regional and sectoral-spatial relations of a development plan.

Theoretically, reasonable programming should be carried out on the basis of the following four conditions:

- 1)the development projects and programmes should be selected according to adequate appraisals and studies, also sufficient evaluating of the consequences of any choices;
- 2)the aggregate of development projects in each sector should meet the quantitative objective of the growth of the sector;
- 3)there should be a reasonable co-ordination among selected development projects of various sectors either inter-sectorally or inter-regionally;
- 4)there should be rational relationships between projects in any given

region in their geographical distribution²⁹ .

In the current procedure of preparation of the national plan, theoretically the task of programming, including the identification, appraisal, forecasting of the expenditures and financial resources, scheduling or time-tabling, analytical evaluation, selection and preliminary approval, has been divided among the three planning units at various levels of the planning apparatus during the process of preparation of the national plan. These units are:

I) Councils for Sectoral Planning:

According to the instruction the task of selection of the development projects and programmes, forecasting their expenditures and operational time tables for their implementation, has been specified by the NPH as being among the main duties of the CSP³⁰;

II) Councils for Integration of the Sectoral and Regional Plans:

The instruction has not stipulated a clear duty for these councils in this relation, but in the continuation of this debate their involvement in practice will be explained.

III) Committee for Appraisal and Approval of the New Economic Projects and Programmes:

According to the instruction of the Second plan the duties of this last committee as one of seven supportive committees of the CPSEA have been explained as follows:

1)setting up a standard informational data-base for economic appraisal of the governmental programmes;

2)appraisal of those projects which should necessarily be implemented by the government³¹.

Surprisingly the above explanation is the only explanation about the process of programming of the national planning system. At the first sight by a division of labour

among various planning units for the programming stage, one may suppose that no major problem should exist in the procedure of programming of the national planning system, but even with careful review of the network of planning activities it could easily be understood that the following problems do exist:

Firstly, despite the name of the committee for appraisal and approval of the new economic projects and programmes, the "approval" -according to whatever has been explained by the basic instruction of the Second Plan - has not been a duty of this committee³².

Secondly, the basic instruction has not stipulated where - by which body - and how - under what criteria and through which method - any development project would be qualified as a concrete activity of the development plan³³. Study of the programming in practice would illustrate the real deficiencies in this context.

1-6-2)Programming in practice:

The stage of programming in fact should be studied in two different phases:

- a)during the process of preparation of the plan;
- b) during the process of implementation of the plan.

a) Programming during the process of Preparation of the plan:

For this research the study was carried out in various units of the planning apparatus involved in the identification, appraisal and selection of the development projects through the participatory observation and interviews with some members of the CSPs, CPPs,CISP, and CIPP the following activities took place in relation to programming:

1) The Council for Sectoral Planning:

In previous pages the duties of these councils were explained. As stated in this

chapter each council consists of several sectoral planning committees relevant to the sector. For analysis of their practice, therefore, first the duties and functions of these sectoral committees should be discussed:

1-2)The duties of the Sectoral planning Committees:

The instruction has stipulated that:

" Each sector after determination of its development objectives and policies should specify its relevant executive plans with respect to the available resources determined by the macro-economic plan as well as basic policies of the national plan."³⁴

The information concerning the selected development programmes of the sector - merely those financed by the public sectors' resources - should be organised in the table number 6 of the instruction . The required information is as follows:

- name of the development project;**
- name of the ministry responsible for its implementation;**
- year of beginning the study of the project;**
- year of beginning the implementation of the project;**
- year of finishing the implementation of the projects;**
- location of the project;**
- stage of study and designing of the project;**
- quantitative objective of the project;**
- estimate of required resources for financing the project;**
- report of the economic appraisal of the project;**
- analysis of the inputs and outputs of the project.**³⁵

In operational systems of government each ministry usually has a body - normally at the deputy-minister level and in some cases at the general director level - for project studies and programming. Therefore there is at any time a long inventory of the studied candidate development programmes and projects waiting for implementation³⁶.

"The new projects introduced by the body responsible for projects and programmes are assumed to have been adequately evaluated."³⁷

In the next pages, during the analysis of the programming stage, the origin of the new

projects and the validity of their appraisal will be discussed. As was explained in the second section of the chapter three there is also a sectoral ad hoc body parallel to each sectoral ministry within the administrative organisation of the PBO. These sectoral bodies of the PBO - as also explained earlier - play the role of secretariat of each Sectoral Planning Committee. These bodies often have sufficient knowledge about the ministries' projects and programmes and are able either to make a barrier or to support the proposed projects³⁸. Of course they were entitled to propound their independent proposals to the Sectoral Planning Committees. However, the new projects of the plan would have been initially discussed at these committees³⁹.

2)The duties of Councils for Sectoral Planning:

According to interviews with some members of selected CSPs the order of priorities for above explained duties of these councils are:

- justification of the medium-term objectives and macro-economic policies and their evaluation by the sector's criteria;**
- formulation of the sector's medium-term development policies ;**
- setting up quantitative objectives for growth of the sub-sectors' production during the plan on the bases of the objective determined by the NPH;**
- intra-sectoral allocation of the allocated resources to the sector among the sub-sector's divisions;**
- consideration of the candidate projects in the medium-term;**
- modification of the executive system and coherent policy proposals.⁴⁰**

Bear in mind that the initial dispute between the sectors and the parallel sectoral body of the P.B.O should had already been done in the specialised sectoral committees. Thus, in practice, the CSPs give limited time for programming, and rely on the results of the sectoral committee's reports⁴¹. In fact the consideration of the projects and programmes with regard to the other priorities of the CSPs and the multi-sectoral nature of the councils - each sector is normally interested in its coherent projects and programmes and usually is silent against other sectors - is more similar to hearing the sectoral reports rather than active and real programming activities⁴². It has been observed that

by increasing the number of sectors in any unit of planning machinery the degree of concentration on the kind, size, and location of the new projects of the sector will be decreased⁴³. The main reasons are: firstly other sectors are not sufficiently interested to judge on other sectors' decisions, and secondly they know that to go into detail would be retaliation by the sector under question when they needed to pass their own projects securely through the council⁴⁴. Finally these activities were seriously started during the first half of the period of the preparation of the plan but were slowed down as soon as it was felt that the final document of the national plan's bill will not consist of the appendix of the national plan's development programme and projects⁴⁵.

3)The duties of Councils for Integration of the Sectoral Plans;

As explained, the instruction had not designated particular duties for these councils in relation to programming. In particular at this level, the central concern of the Councils for Integration of the Sectoral Plan was the break down of the macro-economic allocations into the relevant sectors and sub-sectors. Although the standard tables concerning the sector's development programmes and projects, - which had already been completed by the sectoral committees - were reviewed by these councils at this stage, no serious attempts were made for selection or specification of the sectoral development projects or programmes⁴⁶. Perhaps here also the elimination of the appendix for the national plan's development programmes and projects was the main reason for such an awkward accomplishment of this task.

4)The duties of Councils for Integration of the Sectoral and Regional Plans:

It should be expected that the most significant debates over the candidate projects and programmes of the plan must take place in this council. In contrast in practice this council was one of the less active bodies of the planning machinery for several reasons:

- 1)the main period of activities of this council might be in the final stages of the planning process. When the elimination of the projects appendix of the plan became more possible the council reduced its**

activities. This information made the council reluctant to hold sessions required for the appropriate co-ordination of sectoral programmes with the regional proposals.

2)the lack of an applicable reference framework for spatial distribution of socio-economic activities. The spatial policies of the national plan were too general and needed an additional stage of elaboration to become applicable for co-ordination between sectoral and provincial planning committee.

3)the inappropriate combination of the council, which consisted of the CSPs representatives, and the RPB's representative. It is obvious that a regional planner member of the council could not give adequate support in cases of enormous differences between regional and sectoral views. This problem would not be solved merely by increasing the number of regional representatives in the council. That strongly depends on the solutions which bring about more reasonable and harmonised results from sectoral units through a common approach for regionalising the sectoral decisions. In the absence of such approaches a regional representative - or representatives - would have to bear all the weight of sectoral-regional uneven decisions on their shoulders.

4)If the case did not reach to consensus in the council, the ambiguity of the judgement procedure between the sectoral and regional views would not allow a successful accomplishment of the task⁴⁷.

Some observations at the end of the process of preparation of the plan:

However at the end of the process of preparation of the plan a considerable number of tables which contained the inventory of development projects and programmes of the sector had been prepared by various sectoral planning committees. In some sectors these tables were investigated by the researcher of this dissertation. The major observations were as follows:

1- in almost all investigated sectors there was no clear explanation about the coherence between the objectives, policies and the proposed projects. It had not been estimated to what extent the pre-determined objective of the sector would be met by the proposed project and also what should be other projects for the remainder of the sectors' objective. In other words the projects and programmes were not a total response for the objective of the plan;

2- in many sectors there was an uncertain situation in terms of the reasonableness of the projects; some of them studied in previous plans but not implemented; some proposed for starting their studies; some with the poor information and doubtful forecasts. In fact it was clear that the shortage of time and the low priority of the task of programming had not allowed the job to be reasonably accomplished⁴⁸.

The final situation of programming activities at the end of the planning process:

Despite these efforts the final document of the national plan became public without a section for projects of the plan. The reasons behind elimination of this section at the latest stage was asked as one of the research questions to the planning officials. Two reasons were mentioned:

- 1) the imperfection of required information about some projects which needed more time for their completion;**
- 2) the parliamentary approval of the projects and programmes will make them as indispensable law and urge the sectors for their exact implementation. To give necessary flexibility due to some unpredictable problems during implementation of the plan the sectors prefer to solve the problem with PBO during the period of the implementation of the plan.(interview with the member of the NPH). But more analysis of the situation introduced other possible reasons which the planning officials are reluctant to endorse.⁴⁹**

For example the projects, generally, will reveal what the results of the planning would be, and will externalise overall objectives and policies of the plan. Hence they would stimulate a wide range of debate about the notion of development as well as the validity of the planning system. Bear in mind it should be approved in parliament by those who are representative of the regions with more or less sufficient acquaintance with their constituency as well as some probable bias. Therefore the attachment of the inventory of the selected projects would not only reveal the weaknesses of the planning system but would stimulate some controversies between the ministries (the sectoral representatives) and members of parliament (the regional representatives). It seems fair to say that it is understandable that the planning officials fear that the process of ratification of the plan would be prolonged because of such controversies.

Further, adding a reliable section for programming to the national plan's document required either a powerful, or a more efficient, PBO with adequate capabilities for identification, evaluation, appraisal, selection, and integration of the development projects. Not only fairly to advocate from the rationale of its conclusions and proposals but also to be able to stand firmly against the sectoral sovereignty and political power of some members of the parliament.

b) Programming during the process of implementation of the plan:

The serious attempts at programming, are, to be made during the stage of implementation of the national plan. Hence, as has been explained earlier in this chapter, the main substance of the national plan is the macro-economic framework and coherent medium-term development policies. This means that the national plan would not be elaborated into the sectoral plan as an official stage of preparation of the plan. This take place as a pre-stage of implementation of the plan, after the approval of the macro-economic framework and coherent development policies by the Islamic parliament.

Various terms which explained for elaboration of the national plan, apart from their common effects on the regional distribution of the resources of the plan, should also pass through a common stage: the selection of the development projects. Therefore an analysis of the process of selection of a development plan would examine the efficiency of the system of national planning in terms of regional development criteria. In this research the study of the practical procedure of programming has been carried out on the basis of the following questions about the process of selection of development projects:

1) How did the idea of development projects originate ?

The selection of the development projects is for various reasons the most important step of the stage of programming for various reasons, not only for its operational significance, but to some degree it indicates the cultural and political tendencies of society. In effect, the type and the scale of development projects represent the ideology and the power of governments.

The study of the process of selection of the development projects in Iran shows that the initial idea of a development project could be formed through various origins and coherent processes. Needless to say, it varies according to different sectors depending on the nature of the sector. In general there are two main origins involved in generating the idea of the development projects which are as follows:

a)from the political origin; which means that in some cases projects arise with more political purposes rather than the socio-economic development needs, those which could better express the power and ambitions of the government, and appear to be a "developmental manoeuvre" of the state for the nation. These have included both the eye-catching and large scale national development projects - e.g. the Pahlavi Shahestan, a project for establishment of a unique administrative centre - and even a large number of small development projects in the rural areas - e.g. Rural Health Centres, small buildings pretending the expansion of the social service facilities, a few empty rooms in a remote area⁵⁰.

b)from the technocratic origin; those would merely emanate from the body of knowledge which existed in various departments of the government through the following possible origins:

1 - The realisation by the sector, based on the empirical observations and interpretations of the experts of the sector, for facilitating the performance of the sector towards the determined objectives of the sector. This could be named "intra-sectoral origin";

2- The request of other sectors due to a complementary role for the project aiming to support other sectors' needs. An example of this type is seen in the Transportation Sector, where many industrial sites demand to be supported by more advanced transportation facilities. This could be named "inter-sectoral origin";

3-The provincial or regional expectations for the implementation of a particular project of the sector in that region. This could be named "regional origin"; and

4-Response to a comprehensive sectoral-regional development plan. This

could also be called "comprehensive-origin"⁵¹.

The results of study could be summarised as the following:

I) the development projects mainly had technocratic origins;

II) in most sectors the dominant procedure has been the intra-sectoral origin; other origins, due to the independence of each sector in terms of decision-making, have not been influential. The regional-origin has occurred more than the inter-sectoral origin but with less influence, because that has been a chronic habit of the regions to request any project as soon as its feasibility become a case in consideration⁵². The exceptional case has been the case of the Programme for Development of the Eastern Axis which made it imperative for sectors to consider the relevant projects attached to the approval of the Council of Ministers.⁵³

III) the idea of projects in each sector first come to appear as a result of individual or group research, though it depends on the validity of reasons and forecasts of these researches⁵⁴.

VI) in each sector the number of candidate projects have always proceeded from the available resources and the capacity of implementation of the sector.⁵⁵

V) there have been only a few 'near nothing' cases which have resulted from a comprehensive sectoral-regional development concept.

Bearing in mind the definition of a development project, as discussed in chapter two and will be continued in this chapter and chapter nine, rationally there should be two approaches to identification of a development project. One would emanate from the activity side when the activity is given and the location might be under question - the sectoral approach. Another one when the location is given and the kind of activity is under question - the regional approach. As it will be discussed in section two of chapter

nine a sound procedure for identification of the development project should use a combined approach. In brief a clear result of the study suggests that the second approach has rarely been used for identification of a development project. In addition, in particular the research asked two following questions from various planning units, both in the national planning apparatus and in the administration of the Plan and Budget Organisation:

-has the programming process ever been based on a general and a comprehensive view of the socio-economic development which would reasonably have been elaborated in terms of the sectoral and regional results? and

-could such a view be used as a reference framework for a programming process either for sectoral evaluation or for regional considerations of a candidate project?

It was clear the answers endorsed the findings from empirical and participatory observations, whereas unanimously to the first question the answers were "no" and the answers for the second one were "yes"⁵⁶.

2)How is a development project to be studied?

Of course with respect to the nature and the size of development projects, the depth, duration, and the costs of studies are varied. For instance, infrastructural sectors have more dependency on location, and the studies consist of detailed engineering considerations rather than social services projects, while the industrial development projects require more comprehensive studies.

Theoretically an initial idea of a development project should pass through several stages to qualify for implementation. The following studies and analyses are a rational procedure of preparation of a project for implementation:

- a) an explanatory introduction of a candidate development project which would justify more detailed studies of the project;**

b) the socio-economic cost-benefit analysis of the development project which could estimate the extent by which the project would be able to return its initial investment during the life of the project and could determine the importance and priority of the implementation of the project;

c) the feasibility studies, for consideration of the possibilities of implementation of the project in a certain location, mainly in view of the demands of the project regarding availability of the required inputs for establishment of the project;

d) a series of technical studies of the project, e.g., the designing of a production process, or the building schemes of the project⁵⁷.

Two of these studies; 'the cost-benefit analysis' and 'feasibility studies' are more deserving of a development project qualification. Here first the conceptual basis of these studies will be discussed first and then the results of the study of their practice will be explained.

2-1- The Social Cost-Benefit Analysis of Development Projects:

Theoretically, according to the NPHQ's circular, namely "The instruction for completion of the evaluation of the governmental development programs", (hereinafter the instruction), the following procedure for appraisal of publicly financed investment projects has been introduced for the Second Plan:

"... the main criterion for evaluation a development project is depends on this question: to what extent the project is able to return its initial investment during the life of the project? For answering this question in relation with the analysis of the degree of the profitability of the investment and also the return of capital, the following criteria should be considered for either the selection or prioritisation of development projects:

- a) the net present value
- b) the rate of profitability, and;
- c) the rate of internal return⁵⁸

For the calculation of the above criterion the following procedure has been suggested by the instruction:

a) for computing of the net present value;

-first, the differences between the cash received and cash payments should be calculated for both the whole period of implementation and the life of the project.

-second, for comparison between the present value and the future values, the result of the first step converted to the present value - the year zero - through using the social discount rate. The aggregate of these amounts will show the net present value of the project.

-third, the initial condition for selection of the development projects is yielding the net benefit of the project should not be less than zero.⁵⁹

In addition, to determine the rate of profitability of the project the following method has been underlined by the instruction:

b) the profitability of a project could be calculated through the division of the net present value into the net value of investment; this will show the ratio of net available profit from the investment.⁶⁰

and;

c)the rate of the internal return, is also that of the social discount rate, so that by its use, the net present value of the project will become zero⁶¹.

The instruction has also recommended making a distinction between "the trade products" and "non-trade products", and the shadow price has been recommended for the former while for the latter the domestic price should be taken into consideration⁶². According to instruction, for traded goods the shadow price is their world price which could be presumed to be their boarder price (c.i.f. for imports, and f.o.b. for export). The method of measuring the social costs and benefits has not been clearly determined

by the instruction. On the one hand mainly using the shadow prices of foreign exchange has been recommended. On the other hand for some items measuring at the world prices has been recommended. Therefore the instruction, has implicitly chosen the Little and Mirlees approach while it has recommended that:

" for calculation of the cost of those domestic productions which their essential value is equivalent to the international price, the shadow prices should have been taken into account⁶³."

The instruction also contains some tables indicating the shadow prices for each unit of some inputs and outputs.

The Analysis of the proposed Method:

It is evident from the description of the method that the recommended technique is a simplified model of a well known social cost-benefit analysis approach that could easily be found in the World Bank's publications. Therefore it shares some of the general shortcomings of such models which are basically associated with the main assumptions of these models. These shortcoming are:

"Criteria for project appraisal were developed initially by assuming the absence of transportation costs, external economies, and market imperfections. The first two of these assumption have been subsequently relaxed while the last one has been retained."⁶⁴

The fact is, despite the last part of the above quotation, in the previously described case of Iran all assumptions have been retained, hence:

Firstly, the elimination of the transport costs in fact is elimination of the significance of the location in the process of appraisal, because the transportation costs analysis has an important role in the determination of the locational comparative advantages for a given project.

Secondly; however, though it has been argued that due to the **"little information on the magnitude of the external economies⁶⁵"**(57) the external economies have been

ignored, from the point of view of regional development. Indeed, this again would lead to elimination of the significance of the agglomeration in the process of selection of the location of the projects. The remainder of this chapter, will discuss this type of assumption which stems from the nature of the space-less concept of development planning, closely associated with the theoretical foundations of the conventional development planning.

Thirdly, the characteristics of an under-developed economy should not be ignored. This also has been acknowledged by Ballasa:

"In developing countries, however, we often observe imperfection in both product and factor prices. In the first eventuality, monopoly or oligopoly position permit firms to reap above-average profits; in the second, market and shadow prices of primary factors will differ even though trade policies are optimal"

Apart from these general shortcomings there are several deficiencies in the model recommended by the instruction as follows:

- the method of calculating the shadow prices has not been clarified. Apparently a more realistic shadow price rate of foreign exchange has been assumed as a real social discount rate.
- the effective rate of production often used for considering the differences between free trade and normal situation has not been taken into consideration by the directive, and
- the characteristics of an oil-based economy and the peculiarity of forecasting the price of domestic production in relation to the international fluctuation of oil prices has been neglected. Bearing in mind the instability in the domestic value of foreign exchange in recent years in Iran, it suggests particular treatment for consideration of the spread effects of this reality;

-the method for calculation of the shadow prices as a most significant element of the appraisal process has not been fully explained. It is ambiguous concerning to what extent using the Little and Mirlees measure has been suggested by the instruction. For example the differences between appraisal of the importable and non-importable products has not been sufficiently explained nor has emphasis been given to the necessity of repetition of the appraisal procedure for variant shadow prices, at least for the large projects or the projects with some importance. This will influence the inclusion of other projects or dropping of some of them. In addition the programming procedure has not provided the necessary feed back flows between the results of appraisal and initial policies of the sector.

2-2-The Feasibility Studies:

These studies according to the instruction have been divided into two phases. The first phase studies are the basic and general survey of the project while the second phase studies are the detailed engineering studies and building design⁶⁶. The instruction again has assumed that these studies would have been carried out under supervision of the sectoral ministries or their consulting engineers, thus there are only two small boxes in the tables for "Information of the Development Project":

"The Feasibility Study of the project:

-have

-have not"⁶⁷

The Analysis of the Proposed Method:

It is clearly evident that the instruction has overlooked the importance and necessity of these studies for qualification of the development projects. These studies would involve two alternative approaches. One would investigate the potentials of a candidate location to afford the required factors for establishment of a given sectoral activity or a development project. The another would investigate the possibility of establishment of a candidate development project as a socio-economic-economic activity for a given region⁶⁸. Undoubtedly in a centralised and sectoral-based system of planning

the first approach is more popular than the second one.

In such studies the following factors are the subject of investigation : the man power, raw-materials, land, water, energy, transportation and communication facilities, the housing and urban facilities, etc. Therefore this study in theory should be able to strengthen the inter-sectoral relations by understanding those shortcomings which would be obviated by the other sectors as well as sectoral-regional relations due to examining the suitability of the activity by the regional realities. In particular the latter would prevent to some degree unpleasant regional consequences of the improper establishment of the project.

The Appraisal of the projects in Practice:

1)The Social Cost-benefit Analysis

In general it has been assumed that the social costs and benefits of each development project might possibly have been analysed by the relevant sectors. Although the appraisal methods have been simplified by the NPH they have not been seriously applied by sectors in practice. Study of the projects of the Second Plan reveals that probably most projects lack such analysis. Only few projects submitted too general forecasts and appraisals, e.g. the communication sector.⁶⁹ A review of the instruction after the interview by the Sectoral Planning Committees revealed how instruction have optimistically presented details of a method for calculation of the indirect effects of the project, while the control of direct effects was never taken seriously by the national planning system. The instruction's view could be understood through reading the following paragraph:

" In addition, the projects have indirect positive and negative effects, if these effects were evaluated, it would be efficient for selection of the project, the example of these effects could be;

- the creation of benefit for other sectors**
- the effects on environment**
- the improvement of skills and technical abilities**
- the infrastructural impacts, and;**

-the change of life style.⁷⁰

2)The Feasibility Studies:

The study of the Second Plan's development programmes clarified that these types of studies were not fully carried out. Most projects had more or less been supported by the site survey though they required more evidence concerning accomplishment of the technical studies. These studies have often been carried out by consulting engineers under the supervision of sectoral bodies⁷¹. The main problem observed in the feasibility studies of development projects lies in the weakness of regional analysis. The following obstacles exist in this context:

a)the instruction has never asked for sufficient consideration of the regional impacts of development. It has only been asked in some tables to explain the following information :

"the name of ostan - province - and shahrestan - town - of the location of the project should be explained"⁷²

This simply implies that the regional impacts of the development projects would not have been adequately investigated through the process of programming. If it is too soon to show the actual results of the Second Plan's development projects there is abundant evidence from the past which describes the result of such a procedure of programming. For instance, the cases of Mobarakeh Steel Complex in the province of Isphahan, and the Petrochemical Industries of Bandar Imam, have created a wide range of unexpected and non-investigated socio-economic structural problems either inside or outside their location As evidence of this statement, both cases have attempted to reduce the range of those regional problems which have resulted from either the mislocation or non-studied effects of these projects, through regional adjustment studies which were accomplished after considerable damage to the socio-economic and environmental structures of the concerned regions;⁷³.

b) these studies could not have been enjoyed from the principal assumptions concerning regional development policies. These assumptions are non-existent or, if they exist, are non-approved. Therefore, even if the result of the studies confirm the feasibility of the project for a particular location, the utilisation of the local factors of development for the studied project could not be guaranteed even though it could have been utilised by other challenging development projects for the same location. In other words it is easily possible that the limited production factors of a certain location could simultaneously have been taken into account by some other development projects.⁷⁴ The interviews (1995) with various sectoral planners confirmed that these studies have not been seriously carried out for candidate development projects. Needless to say that either the absence or weak accomplishment of such studies would decrease the validity of the regional dimension of the plan.

Conclusion:

The study confirmed that, the procedure of evaluation and appraisal of candidate development projects in Iran, has not enjoyed sufficient studies of '*site selection*', '*feasibility of project*', and in particular '*social cost-benefit analysis*'. Not only the estimate of the return of initial investment is unreliable, the regional consequences of sectoral investment are also ambiguous. The fact is these types of appraisal have never been common in the system of decision making in Iran.

Although the detailed study of a development project has been recognised as an important criterion for its final approval, it is not difficult to find many already implemented projects without convincing and reliable studies. In contrast, there is also a considerable number of development projects already studied which have never been implemented.⁷⁵

Perhaps the nature of an oil-based economy and the existence of the sectoral monopoly and oligopoly positions permit firms to reap above-average profits which could cover the inadequacies of the programming stage. Notwithstanding the argument about the reasons the results of research answered the mentioned question as follow:

The conventional procedures of programming as a determinant flow in the existing mechanism of regional distribution of sectorally allocated resources do not sufficiently consider the regional development criteria in the study of the development projects.

b)THE PROGRAMMING DURING THE PROCESS OF IMPLEMENTATION OF THE PLAN:

3)How are the Development Projects to be Selected?

The task of selection of the executive development projects continue gradually during the process of the implementation of the plan and on the basis of one by one planning agreement between the PBO and relevant ministry. The conventional procedure of selection of the development programmes will be highlighted as follows:

- 1)each sector on the basis of the studies of its responsible body for planning and programming (the title varying in various ministries) proposes to the PBO a candidate project for implementation. The sector should provide the PBO with required analytical justifications, forecasts, and other necessary information according to the PBO's coherent tables;**
- 2)the counterpart body of the PBO to the sector - a sectoral bureau - investigates the proposal critically and discusses with the representative of the sector until reaching mutual agreement;**
- 3)at the next stage this sectoral bureau of the PBO sends the proposals to the administration of the PBO's Deputy relevant to the sector in question for provisional endorsement;**
- 4)the preparatory endorsement goes to the Bureau for Integration of the Plan and Budget (BIPB) of the PBO; and**
- 5)the BIPB after necessary investigation makes the decision whether the project would be implemented in the current year or would be considered for the remainder of the planning period. In fact this bureau will adopt the approved projects according to the criteria of each year's budget policies⁷⁶.**

THE ANALYSIS OF THE PROCEDURE:

The conventional procedure of selection of the development projects or the existing mechanism of programming has an important effect on the trends of the regional development processes. Although the system of national planning allocates some resources for provincial development, these resources will be used for financing the small scale local development projects with minor effects on the regional economic structure. In contrast, the large sectoral development projects selected through the explained mechanism have major effects on the regional development processes and influence the locational decisions of the private sector's investments. Significantly, due to the following reasons, the mechanism of selection of the development projects is in fact the mechanism of regional distribution of the national plan's resources:

-the lack of an independent stage for programming during the process of preparation of the national plan;

-the lack of a regional section of the final document of the plan as well as a chapter for projects and programmes of the plan;

-the lack of a stage of regionalisation either during or after the process of the plan;

In effect the resources of the national plan will regionally be distributed through the explained mechanism. Therefore, the effects of the national planning system on the regional development processes would be clarified by understanding of the characteristics of the mechanism of regional distribution of resources of the national plan. According to the explained procedure, two characteristics of the conventional procedure of the programming are more significant:

a)the gradual selection and approval of the development projects:

In contrast to sectoral allocation, the regional allocation of the national plan's resources remain ambiguous. The national planning system makes an enormous attempt to determine the allocation of the resources before the implementation of the plan. When the projects have selected gradually, the components of the national plan develop gradually during the period of implementation of the plan. Thus the portion of each

region from the national investments can only be understood after the implementation of the plan and through consideration of the five successive annual budgets of the government. Another implication of this procedure simply is that before the implementation of the plan the portion for each region or province from the resources of the national plan would not be measured under the existing procedure. Therefore the system would not provide the regional articulation of the plan with even preliminary data for promotion of regional policies such as regional balances or consideration of other regional problems. Hence there would not any means available for a purposeful distribution or controlled break down of the resources among the regions by regional development criteria.

b) isolated procedures of selection of the projects;

In contrast to the stage of elaboration of macro-economic plan into the sectoral macro-economic plans the stage of programming is not carried out by an appropriate machinery of planning and decision making. For the former the planning system forms extended machinery with simultaneous work of the planning unit and relatively necessary inter-relations between the planning units, while for the latter the planning system dismantles the machinery right at the stage of the selection of the development projects. Instead each sector select its projects independent from other sectors merely on the basis of the triangular relations among the relevant ministry, its counterpart bureau at PBO, and the BIPB of PBO. It is clear enough that the ministries concentrate on their professionalised sectoral concerns and on how they could consider inter-sectoral co-ordinations by themselves⁷⁷. The PBO sectoral bureaus have also similar concerns. Although one may argue about their responsibility for inter-sectoral co-ordinations, in reality the magnitude of cases would not permit their limited administration even to concentrate adequately on the proposed development projects⁷⁸. If they do so the results would apparently not be reliable. They have never felt responsibility for control of the inter-sectoral linkages and in particular locational conformity between development projects⁷⁹. If they do so the results would probably not be reliable because of the considerable number of development projects and their limited personnel. The interview confirmed that the sectoral bureau of PBO rarely had

felt such responsibilities.

Finally the BIPB concentrates on integration of the development project into the plan according to nature of annual budgets of a five-year plan⁸⁰. If they claim they have considered other aspects for integration definitely it is not acceptable. For instance in terms of regional consideration they lacked even one regional expert in the official personnel structure of the bureau⁸¹. Also if they claim that they refer such problems to the regional planning bureau of the PBO, it would not be acceptable while the records of the relations between these two bureaus of the PBO have never shown such interactions between them ⁸².

Obviously the regional contents of such a procedure of planning could not easily be understood before the implementation of the plan. Therefore how would the regional aspects and spatial dimension of sectoral decisions be adequately articulated? As a result regional development processes cannot be controlled under such circumstances. These realities have never attracted enough attention of analysts. Only few authors noticed the problems of programming in Iran. For instance Looney expressed his observations about programming in Iran as follows:

"The Iranian planning machinery is still deficient when it comes to implementation because there is simply no concrete set of goals on which to base the selection of projects." ⁸³

"The PBO's documents are still written in vague language and it is impossible to discover how they are organised in what way they are recognised, in what manner they are made suitable and by which means they are connected " ⁸⁴.

"the Fifth plan was assembled on an ad hoc basis, and the planners reverted to selecting projects on an individual basis, even often without even the most rudimentary cost-benefit analysis being performed " ⁸⁵.

"since the PBO has no real power, however the ministries frequently go their own way and implement projects given the low priority by the PBO" ⁸⁶.

"under the new organisation the PBO has had two choices in terms of its role and function in planning:

- 1)to meet directly opposition from ministries or any other government officials;
- 2)to accommodate itself to the existing situation, avoiding conflict rather than resolve them"⁸⁷

-the planning process, as set up now, appear capable of identifying white elephants and preventing their selection" ⁸⁸.

These characteristics would be completed by recapitulation of some problems which were recognised during the study as follows:

a)the problems of identification and appraisal of the development projects:

The following problems were recognised as significant causes of decrease of the regional efficiencies of the conventional procedure of programming;

a1- the lack of regional-origin for formation of the idea of the development project: the dominant procedure of formation of an initial idea of a development project is the sectoral-origin trend. The candidate projects have seldom resulted from a regional-origin approach of identification of development activities.

a2- the lack of adequate consideration of the regional and spatial analysis of the candidate projects: the existing approach of evaluation and appraisal of the development projects did not have adequate measures for evaluation of the regional aspects of the development projects nor an acceptable procedure for their spatial analyses;

b)the problems concerning the selection and integration of the development projects:

The inter-sectoral and sectoral-regional relations could not be sufficiently considered due to the following problems:

b1- the weakness of inter-sectoral and inter-regional co-ordinations; each sector has

its own individual approach to selection of projects but submits its selection gradually, one by one, during the period of the implementation of the plan. Therefore the inter-sectoral and inter-regional relation could not be adequately co-ordinated;

b2-the lack of a sectoral-regional perspective framework : the existing procedure of co-ordination of the selected development projects does not take advantage of the long-term perspective of the national spatial organisation as a reference framework for co-ordination between the sectoral and regional dimensions of the development projects as well as inter-sectoral and inter-regional co-ordinations.

It should be noted that there has always been some possibility for acceptance of regional proposals by various sectors but that does not mean that the system can guarantee the acceptance of all sectoral results of a regional development plan. On the other hand it is clear enough that probably not all proposed development projects of a regional plan could be qualified by the sectoral criteria. Therefore the necessary inter-dependencies among a cluster of regional development projects would be disrupted. From these results it could be inferred that:

-The conventional system of the national planning in Iran is unable to order the regional development process.

In chapter eight some case studies will explain how both the attempts at regionalisation of the national plan within the process of preparation of the plan or independent regional plans have not succeeded in meeting the satisfactory results because of these shortcomings of the national planning system. One may raise questions such as:

- what would be the effects of these shortcomings on the trend of regional development process?
- should imperatively the development projects of the plan be attached by the original document of the plan?
- which regional problems would arise if the development projects were formulated after

the approval of the plan?

To answer these questions and to examine the extent to which these shortcomings would effect the process of regional development here it seems necessary to discuss the implication of required measures which would more efficiently order the process of regional development by the procedure of the preparation of the national plan.

SECTION TWO:

Searching for some criteria for the evaluation of the regional efficiencies of the procedure of programming:

Testing the regional efficiencies of the mechanism of distribution of the national plan's resources first requires that the implication of the regional efficiency to be explained. The RPB has used various examples for this purpose during its attempts to prove the deficiencies of the national planning system:

- 1)the analysis of the combination of socio-economic acquired by a given region during the period of a given plan both in terms of the suitability of individual projects for the region and the conformity between projects;
- 2)the analysis of the method of utilisation of the local and regional indigenous factors for development in terms of utilisation of regional resources, in terms of preservation of unrenovable resources, in terms of preservation of a rational balances among these factors for further development;
- 3)the analysis of the distribution of the population and economic activities among various regions during the period of several plans, and assessing the level of life standards and employment opportunities for measuring the regional imbalances caused

by the system of planning;

4)the analysis of the inter-regional dependencies both for searching mechanisms of regional polarisation and deprivation and for measuring the degree of economic integration of various regions for social and cultural unification.⁸⁹

Although these methods have never been completed, because of the size and volume of the research operations, the concept behind each of them has frequently been used as a criterion for criticising the regional inefficiencies of the national plan.

On the other hand, as mentioned in chapter two, three methods of evaluating a planning system have been more frequently used by analysts:

- evaluating the results after the events;
- evaluating the results at decision time, and
- evaluating the decision process.⁹⁰

This research due to the availability of evidence and the nature of the dissertation has selected the second criterion (*the economies of Local Factors of Development*) for evaluating the system of planning by using the third method (*evaluating the decision process*).

The Economics of the Local Factors of Development:

The following explanation would enable a greater understanding of the depth of the problem of the conventional procedure of programming. Also it would provide the evaluation of the procedure with some criteria for measuring the extent to which the conventional procedure is able to order the process of regional development under the system of national planning. As explained earlier in this section the stage of programming is mainly concerned with the meeting between a development activity and a region:

- On one hand, any region, with respect to its socio-economic structures and environmental circumstances, in any period of time, supplies a wide-range of developmental factors which are to be used as ingredients for the establishment of socio-economic activity such as: manpower, natural resources, infrastructural facilities (land, water, energy, communication network and transportation system, settlement services), manufactured goods and social services, physical facilities (construction materials and machineries), etc. These ingredients are in fact the Local Factors of Development (LFD) which could be explained as inputs to any development activities.

- On the other hand, any sectoral development activities will, in practice, be constituted by the combination of the ingredients such as capital or financial resources, manpower, natural resources, energy, land, construction material and equipments, communication and transportation facilities, manufactured goods and social services, etc.

Thus the locating of any sectoral development project will demand some items of the LFD and will combine them by the power of financial resources. Therefore the programming stage - the stage of selection of the development activities - of the national planning process is in fact a bargaining stage between sectors who demand a certain amount of LFD and regions who supply a certain amount of LFD. An explanatory analysis of the mechanism of this bargaining would illustrate other characteristics of the conventional procedure and some hidden problems which would arise from such a procedure of programming.

The Explanation of the Stage of Programming in the View of the LFD:

In general the stage of programming is the challenge among sectors demanding easier and greater amount of LFD, and the challenge among the regions as suppliers of LFD, for obtaining greater number and larger development projects. Those sector quicker obtain their required factors of LFD does not care whether the project which being pushed by them to the region is among the regional priorities or not? if not the scarce regional factors for development will be used in a wrong place. The characteristics of sectoral-regional bargain under the conventional planning system can

be described as follows:

1-The national planning system pays a serious attention to the utilisation of the financial resources on the basis of an optimised pattern of allocation of resources among the various sectors of the economy. The system has never been equally sensitive about the utilisation of the non-financial resources and in particular the LFD.

2-The real values of LFD were not to be calculated. The hidden values of the LFD in comparison with the undisclosed value of the financial resources have never been seriously evaluated by the planning system. Perhaps the medium-term nature of the national plan does not allow one to consider the paucity of the LFD which is better understandable in the long term . For example, even at the present time in the southern part of the country the financial resources are more available than water resources. The former could be borrowed from elsewhere, but there is only a rare possibility of borrowing the latter from other areas;

3-There are not equal rights on both sides of the bargain, for while the regions have no legal authority to supply their LFD to their selected activities, in contrast the sectors are authorised to demand required LFD from selected regions, due to sectoral-bias planning law. It is not clear who, how, where, when, and by which means the rights of the regions would be advocated during the process of this bargaining. There exists yet neither provisional nor permanent committees, nor departments for co-ordination of the regional aspects of sectors' decisions within the organisational form of the national plan. Also there exists no body responsible for managing the regional aspects of sectoral-decisions, neither within the administration of the PBO, nor within the organisation of the government.

4-there is also no concern for preserving and strengthening the balance among the LFD and trying to renew renewable resources for a sustainable and self-reliance regional development in the system of decision making. Undoubtedly the momentum and consistency of attempt at regional development depended more on the situation of LFD rather than an injection of financial resources by the government planning system⁹¹.

Perhaps, the example of water resources would help towards a better understanding of these problems particularly in the case of Iran with its geographical circumstances:

Abundant evidence would easily prove how in a region faced by the water constraints a series of non prior activities which have used the water resources and the rest of the resources - if some things have remained - would not permit the new economic activities with more reasonableness with regard to the situation of the region. There is no doubt the wrong allocation of one of LFD factors would change the range of development opportunities for such regions. For instance the regional planners criticised the location of *Khorasan Petrochemical Plant* in *Bojnourd* where the *Neishabour* has better water deposit. The former not only would probably have to appreciate the other existing users portions for establishment of the activity. The latter is able to provide the future development of the dependent activities to this plant with required water resources (Interview 1993). This type of example can easily occur for any factors of LFD and many regions.

The Evaluation of the Conventional procedure of Programming by the Criteria of LFD:

Initially it seems fair to say that there has not been any systematic attempt towards a planned allocation of the national plan's resources among the various regions of the country at an official stage of the planning process. In fact the system of national planning does concentrate on protecting the economies of financial resources, but the stage of programming sacrifices the economies of LFD for fulfilment of sectoral objectives. Such a procedure of programming would have two effects on regional balances:

a) ***Inter-regional imbalances:*** there is no doubt that the inappropriate geographical distribution of the macro-economic resources, has had a significant influence on existing imbalances among the regions. The non-planned exploitation of the LFD would enable regions that benefit from diversified and easily available LFD to attract more sectoral development and, naturally, the less developed regions are unable to bargain over their LFD as strongly as the developed areas.

b) ***Intra-regional imbalances:*** It is also evident that most of the lagging regions despite their backwardness possess at least some factors or ingredients of LFD, but because of the shortage in some other factors of development they are unable to increase their contribution in the process of national development. It is certain that if the national planning system had felt

adequate responsibility towards the regional development identical to that shown to the sectoral development, then this sort of intra-regional imbalances of LFD would have been mitigated through an appropriate procedure of programming;

c)Inter-sectoral responses: the lack of an adequate mechanism for controlled geographical distribution of the sectoral resources would not guarantee the rational inter-project relations in terms of simultaneous implementation. This increases the possibility that a project in one sector could be qualified for implementation while another project in another sector which has a complementary role to it might fail to achieve similar priority. The example of this case would be the *Jask Fishing Facilities* in the southern province; there the non-simultaneous implementation of the transportation project did not permit the projects to work with sufficient accessibility to the consumer markets (Interview 1993). Such an event would decrease the rate of return of investment and neither improve the sectoral development objectives nor accelerate regional development process.

d)imposed location to a sectoral activity: the conventional mechanism due to the lack of a mechanism for controlled geographical distribution of development activities, is unable to guarantee an appropriate location for all projects. This would be better understandable by the example of those sectors who fail to achieve the required LFD in a desirable place for their location because of stronger and faster moves of another sector. This could better be seen by the participatory observation during the negotiation between the BIPB and sectors for financing the projects. The study of the Regional Effects of the *Mobarakeh Steel Plant* in *Isphahan* showed how the immense demands of the projects for LFD urged many other activities to move to other regions (Interview 1992). Undoubtedly an increase in the number of the mislocated projects would threaten the whole national economic growth, whereas according to the equation of the economic growth which will be explained at the second section of this chapter the productivity of capital is a decisive condition for sustainability of economic growth;

e) imposed activities to a region: another consequence of these type of events is that the system due to the above mentioned deficiencies would make it possible that regions accept activities without rational priority. In fact they would lose their LFD by not supplying them to the right demander, bearing in mind that the system has not devised appropriate means and mechanisms for allowing regions to supply their LFD to desirable sectors on the basis of a

commensurate pattern of sectoral activities. The results of such a system of programming are as follows:

- the system would permit the sectors to attain their pre-determined objectives at the expense of a sustainable regional development pattern by imposing a non-optimised pattern of development activities which consume their LFD. As most factors of the LFD are not renewable it is important to evaluate what would have been achieved by the region by the expense of supplying its possessions for growth of the sectors. Moreover it is evident that any imposed pattern of regional development would not easily have been changed in the short term. An inappropriate pattern of development would damage the health of the regional development for a long period of time.

f) *the inter-regional linkages:* there are some potentials in any region which could be recognised only under the light of the speculation of the relationship between that region with other regions of the country, or even outside the country. For instance the locational importance of a given location between two points will increase if the relationship between the two points increases. In this case, the development of the region would not be relied for only its own LFD and it may demand the neighbouring region's LFDs. These cases of development projects could only be recognised through spatial analysis of the socio-economic performance of the country. Undoubtedly the highly sectoral-oriented system of selection of the development projects is unable to recognise these types of opportunities for regional development.

CONCLUSIONS:

The conclusion of this section will be organised according to those questions posed at the beginning of this section.

FIRST QUESTION:

-To what extent the national planning would consider and respond to the regional aspects and spatial dimension of the sectoral decisions?

The research confirmed that:

- the selection of the development projects are not based on the

regional-origin approaches, also the conventional modes of project studies lacked sufficient regional analysis. These studies rarely have convincing reasons for the location of the project. In many cases regional planners are easily able to justify other alternative places;

-the suitability of the selected activity to be established in the region was not examined by regional development criteria in any stage in the process of selection of development projects.

-many selected projects have not resulted from sufficient feasibility studies. Even for those that they have, the analysis of the LFD has never been a part of the process of the studies. Each sector acquiring the required LFD in a candidate location means the end of the studies. The optimised allocation of the LFDs among candidate activities has never been either the problem of such studies or the problem of various levels and various process of decision-making;

-the selected projects often have not resulted from the analysis of the existing spatial organisation of the sector. The habit of using map analysis was observed only in few sectors such as communication and telecommunication;

-the conventional procedure of selection of the project lacks any mechanism for adoption of the region with the effects on the selected projects. The study does not recommend necessary actions by other sectors: for keeping the balance of LFDs; for identification of the pre-requisite actions before the implementation of the project and complementary actions after implementation of the project by regional development criteria. Therefore the answer to the first question is:

the conventional procedure pays insufficient attention to regional aspects and spatial dimension of the selected development projects. The overall and single-purpose studies could not examine the suitability of the activity for a given location as well as the suitability of a location for a given activity. Also it could not analyse the regional impacts of the projects and offer some recommendation for sectoral and regional compatibility of the projects⁹².

SECOND QUESTION:

How would the locational decisions of various sectors be co-ordinated within the conventional procedure of the preparation of the plan?

The research also confirmed that:

-the conventional procedure of the preparation of the national plan lack both an efficient mechanism and appropriate means for co-ordination of locational decisions of the various sectors;

-it became evident either through the review of the duties of the relevant units of the planning machinery or through the observation of the performance of the permanent bureaus of the planning administration that the system of decision-making and the process of selection of the development projects have no such mechanism;

- an approved long-term perspective spatial plan as a reference framework for co-ordination of the regional distribution of the development activities does not exist. As a result, not only are regional planners able to present a considerable case for non-linked inter-sectoral relations in a given region, there is some evidence which indicates that some sectors are unable to control even their regional distribution . Though it sounds strange, a case was observed that in one sector in one middle-sized city two identical projects simultaneously were under construction under different executive departments of the government while due to limitation of the resources many parts of the province had to wait several years for one of them⁹³.

The answers to these two questions can confirm the first hypothesis of the research:

the conventional procedure of preparation of the national plan is unable to articulate the regional contents of the plan before the implementation of that plan.

THIRD QUESTION:

How and where would an independent regional plan be incorporated and digested by the process of the national planning system?

The research confirmed that:

-the lack of a regional-origin approach for selection of the development project would not give an opportunity to implement a vast range of projects which could merely identified through these approaches. A regional development plan normally consists of a chain of inter-related development projects in different sectors for achieving the objectives of the plan. For digesting such plan by a sectoral-based procedure of preparation of the plan, first the regional plan should be articulated

sectorally and then each sectoral committee would investigate the regional recommendations. If any recommendation was not accepted by the sectoral committee then the regional plan's consistency would be disrupted⁹⁴.

In chapter eight it will be discussed how the regional independent plans have never qualified by the sectoral planning system to be implemented, and then the second hypothesis of research will be confirmed:

The conventional procedure of preparation of the national plan would prevent implementation of the independent regional development plans.

SECTION THREE:

The Factors Causing in the Existing Situation:

A better understanding of the problem would help to solve it. Thus to understand the reasons which caused the appearance of such a situation would help to solve or mitigate the problem more efficiently. The second section of this chapter is designed to discuss the factors which have affected the problem. It is necessary to mention that these factors have mainly been recognised through the observations during participation of the author of this dissertation in preparation of the three national plans.

Although there are some reasons which are perhaps more significant than those which will be discussed, here it has been preferred to discuss mainly the theoretical and technical aspects rather than issues outside the sphere of regional planning. For instance the oil-based structure of the economy, a centralised system of the government, and a

sectoralised approach of decision-making all reasonably justify the conventional system of the national planning. but each of these issues deserves to be the subject of individual dissertations. Therefore this research will discuss problems with more theoretical and technical natures. The first two problems, with regard to their relative significance, will be explained in more detail, while other problems will be mentioned in general terms.

a)the planning Law:

The Law of Plan and Budget has been the main legal foundation of the planning activities since its approval in March 1973. This law could be named as a main source for many shortcomings of the national planning system. In brief the law has stipulated the sovereignty of the sectoral approach over regional alternatives in problems such as identification and selection of the development projects. This has been stated as follows:

"the required technical and economic studies for justification of development programmes would be carried out by the executive departments [the sectoral divisions - the ministries]..."⁹⁵

and

"the organisation [PBO] should prepare the five-year development plan on the basis of the proposals of the executive departments..."⁹⁶

The only place in 19 pages of planning Law in which the sense of regional development would be seen is the article 10 of Section Four:

" in order to consult about preparation of development plans and harmonising the operations of executive departments also co-ordination between public and private sector to make their plan compatible with needs of various regions of the country the organisation [PBO] should form joint planning committee with the executive departments [the sectoral divisions - the ministries]"

It is clear enough that the law has never placed emphasis on any sort of participation of the regions in the study of the development projects or the submission planning proposals. It was expected that the new post-revolutionary Constitution might modify this problem, but it shows both sectoral and regional tendencies:

-the sectoral structure of the government did not change as was stipulated in the Article 134 of the constitutional Law of the Islamic Republic of Iran:

"The President is the head of the Council of Ministers. He supervises the work of the ministers and takes all necessary measures to co-ordinate the decisions of the government. With the co-operation of the ministers, he determines the programme and policies of the government and implements the law."

The article 137 placed emphasis on the sectoral autonomy while the ministers will not responsible outside of the realm of their responsibility:

"Each of the ministers is responsible for his duties to the President and Assembly,..."

Another meaning of this article would be that rationally, no one can oblige them to accept any task which could make them unable to fulfil their responsibility. Also article 138 provides them with appropriate means for maintaining their autonomy:

"...Each of the ministers also has the right to frame regulations and issue circular in matters within his jurisdiction and in conformity with the decisions of the Council of Ministers,..."

-On the other hand, as was discussed in Section One of Chapter Three of this dissertation, the regional councils were introduced by the constitution as an alternative hierarchy for decision-making:

"In order to prevent discrimination in the preparation of programmes for the development and welfare of the provinces, to secure the co-operation of the people, and to arrange for the supervision of co-ordinated implementation of such programmes, a Supreme Council of the Provinces will be formed , composed of representatives of the Provincial Councils" (Article 101)

In addition the Constitution provided this Council with the possibility of contribution

to the decision-making as declared in Article 102:

" The Supreme Council of the Provinces has the right within its jurisdiction, to draft bills and to submit them to the Islamic Consultative Assembly, either directly or through the government. These bills must be examined by the assembly".

However as the *Supreme Council of the Provinces* has never been formed it is not clear to what extent their proposals would be acceptable by the relevant minister. The article 137 made them able to reject whatever would create difficulties to fulfil their duties if they had to exceed their ability when they are responsible for carrying out their duties. Also the article 48 introduces some criteria for regional balances:

"There must be no discrimination among various provinces with regard to the exploitation of natural resources, utilisation of public revenues, and distribution of economic activities among various provinces and regions of the country, thereby ensuring that every region has access to the necessary capital and facilities in accordance with its needs and capacity for growth."

It should be noted that the Law of the Town and Province councils was ratified in 1970. This law provides these councils with the right of allocation of Provincial Development Resources to the Provincial and Local development projects. Also The article 47 of the Law of 1985 Budget of the Country, made some explanation about the formation and responsibilities of the Provincial Planning Committees. Nor did these laws grant any right for effective contribution of the provinces in formulation of the major development policies or allocation of the resources at the national level. These articles were stated in the first section of the chapter three, but their review here at this stage of interpretation also reveals how far the conventional procedure of programming performs from the stand point of the Constitution. Clearly the existing procedure does not necessarily conform to the Constitution. The direct approach for submission of the regional proposals has never been devised, the sectors are not obliged to examine the regional proposals, the regional distribution of the development projects - sectoral socio-economic activities - would not be controlled by the system. Thus, as explained,

the geographical distribution of the development projects would be understandable at the end of the process of implementation of the plan.

b)The economic models / the planning techniques:

One may argue about the reason for explanation of the economic models of the planning system with respect to the hypotheses of this research. Obviously the explanation due to the nature of this research could not be in detail. The aim is to show that, on one hand, how such models are silent against the regional dimension of the economic growth, and on the other, to show the degree of irrational participation of the regional planners in the macro-economic process which clearly could justify a compromise solution for claiming the consideration of regional aspects of the plan and making regional voices silent.

The macro-economic framework and its corresponding simulation models, in Iran, as explained in chapter four, have been used since the Third Plan of 1962 for quantitative analysis of the performance of the economy for optimal control of its future function to obtain a specified set of objectives over a certain period of time.

First it seems necessary that the purpose and structure of the model in the Iranian planning system should be explained briefly:

Generally, the econometric models have been applied for estimation of the major macro-economic aggregates and quantifying the relationships between the principal variables such as; the Gross National Product(GNP), government and private consumptions, investment and capital formation, imports and exports and the like. Therefore, other principle monetary and financial estimates would be carried out according to these models,i.e., the liquidity, savings, interest rate, tax, and inflation, etc.

However, due to the inter-dependency of the economic policies and decisions, the relations between the variables would need to be taken into consideration within an incorporated framework. Therefore, the macro-economic framework consists of a series of equations and coefficients. The former would be classified into the two categories:

-*"definitive equations"*, such as the production function, the gross domestic capital formation, net balance of payments; and

-*"behavioural equations"*, which explain the economic and financial activities of various sectors, such as private consumption, exports and imports.

The latter consists of; *"static coefficients"* and *"dynamic coefficients"*. Most of the coefficients are to be derived from national accounts relations, and computation from the input-output tables, except some particular service sectors in which the weight of coefficients is to be determined by the expert's estimation due to the deliberate policies of the government. The variables of the model could also be divided into the *"indigenous variables"*, i.e., private and public consumption, investment, imports and net balance of payments, and *"exogenous variables"*, i.e. the GNP and exports. Therefore, the macro-economic framework is composed of several linear equations for estimation of major macro-economic aggregates such as: the foreign sector, the domestic banking system, total government investment, total private investment, real credit, savings, capital stock, non-oil output, price level, demand for liquidity, imports, private consumption, and etc⁹⁷.

In addition, in association with the determined rate for growth of GDP, as a most significant result of the model the available financial resources will be allocated to the various sectors on the basis of the projected growth rate for the sector in a five year period.

In practice the coefficients are basically calculated by the Macro-Economic Bureau of the P.B.O on the basis of the statistics of the Office for Economic Accounts of the Bank Markazi - Central Bank - of Iran and also the results of the input-output tables⁹⁸.

The Theoretical Bases of the Econometric Models:

Generally these models have been inspired by the work of Harrod and Domar which are the results of their concentration on the question of an appropriate rate of

economic growth in which the capital and labour forces will be fully utilised⁹⁹. Therefore there was a tendency to create a reasonable balance between investment and employment. In order to come to some conclusion on this work it seems appropriate to recapitulate the principal outlines of the conceptual framework of the model which are as follows:

-as a consequence of increase in population the income should be increased;

-the net investment will increase the supply and if this additional supply is to be fully utilised then the aggregate demand will be increased; and,

-investment is indeed capacity-adding, so as a result of additional investment the income and absorptive capacity will be increased.

Therefore:

-the income should increase, but there is always some rate of investment sufficiently high to create the demand for additional output of a previous period's investment. This rate of growth investment for expansion of the productive capacity could create full utilisation of the labour forces.

Further, through a series of assumptions it has been concluded that the growth rate of income should be identical to the rate of growth of investment. Finally it was inferred that for achieving to the situation of full utilisation of productive capacities and labour forces the annual rate of increase in investment should be calculated by the following relation:

$$g = \frac{i}{v} s$$

where the **g**= annual growth rate of investment

s=final propensity to saving

v=the capital coefficient or average productivity of capital¹⁰⁰

In fact, it has attempted to create a concept about production and employment by the

application of the Keynesian model which has extended through a longer period. In other words It is a prolonged concept of employment and production as in a Keynesian model.

In the Second Plan in order to increase the reliability of the forecasts two different models have been used. The first model by using the 54 variables on the basis of an estimation of the production, public and private consumptions, investment, employment, export and import, and use several distributive models for each sector of the economy, the investment, employment and production were calculated¹⁰¹.

The model began with a production function in which the interrelations between GDP, savings and capital deposits, labour force and import have been analysed¹⁰². The second model, by using an econometric model with 99 variables and through the simultaneous solving of the 78 equations, the macro and sectoral variables were calculated. The model has used the National Accounts series between the year 1960 and 1990.¹⁰³

The macro-economic models and regional development:

Undoubtedly the econometrics models have played a significant role in optimal control of the national economic growth. The benefits and merits of these models are undeniable. In terms of regional development, the most significant problem in the theoretical foundation of these models is derived from the classical and neo-classical economic views regarding the spatial dimension and regional aspects of the national growth policies. In Chapter One of this dissertation the traditional economists' views were described. Here one quotation about the main assumptions of the classical views will be repeated:

"For various reasons, classical economists were not much concerned with the regional distribution of activity. For one thing, it was assumed that capital and labour would migrate to those areas in which they would earn the highest attainable profit or wage.... In general, regional questions were relegated to the back of the classical stage."

Obviously at the national level these models are unable to accept any spatial or regional indices . In chapter eight the case of application of econometric models for estimating the regional economic growth on the basis of regional accounts will be discussed, but at the national level econometric models have nothing to say for addressing regional development. In the light of this technical reality the author of this dissertation did ask from NPH the reason of involvement of regional planners in the process of national planning while the plan mainly consists of macro-economic policies and allocation tables. He argued it will be more beneficial if the regions participate in the process of elaboration of the national plan at the stage of programming .

At the end of the process of preparation of the national plan the results of the plan proved that the regions failed to affect the contents of the document of the plan at any stages. Particularly when the stage of programming was again eliminated from the process of the national plan it became clear that the regions have had a frustrated participation in the planning process. In fact this should not be regarded as deficiency of the national econometric models. These models are capable of achieving what they have been created for. The problem would arise when the traditional economists at the centre - those who know these models better than regional planners - neglect the limitations of these models for satisfactory results in order to address the regional development processes. This technical ignorance has frequently been the main reason for central and regional debates over the role of regional planners in the process of preparation of the national plan.

c)the planning apparatus:

The machinery of planning, either the permanent administration - the PBO - or provisional organisational form of the planning system, has not been provided with an efficient and authorised body for control of the regional aspects and spatial dimension of the development policies at the centre.

The Regional Planning Bureau of the PBO has had an active part in regional studies and promotion of the regional planning but also has never been provided with

appropriate opportunity for active participation in national planning processes.¹⁰⁴ However in chapter eight the contribution of the RPB in the Second Plan will be discussed.

The Council for Integration of the Sectoral and regional Plans as explained earlier in this chapter actively worked at the initial stages of preparation of the national plan and gradually decreased its activities and at the last stages had not any major contribution in the planning process.

d)the circulation of preparation of the plan:

Even by observation of the circulation of the planning activities (see after page 206) it is clearly evident that the process of preparation of the plan is combined from a series of "one way" activity flows. In other words the process has not been devised on the basis of appropriate/ necessary "go and return" flows for rational circulation between interested units. Not only inter-sectoral co-ordinations but the sectoral-spatial, as well as national-regional, co-ordinations require sufficient feed-back flows for ensuring a reasonable degree of integrity for a multi-disciplinary issues of the development plan.

e)the lack of theoretical and methodological unanimity between regional planners:

In Iran, as many other countries, there has never been a mutual understanding between the economists and physical planners. In addition regional planning - as a type of planning in which according to many authors the economic and physical planning should be integrated¹⁰⁵ - has had an ambivalent implications. In chapter eight through analyses of some types of regional planning in Iran it would be clearly evident that in Iran, perhaps more than many developing countries, various schools of thought have appeared. It may sound strange but for one with empirical experience it is understandable if it said that: the regional planners have been the main obstacle for development of the regional development planning. The experience has shown that, in Iran, after several successive non-regionalised national plans emergence of the verity of problems urge the decision-makers to apply regional planning to mitigate such

problems. The experience also has shown the existence of various regional planners from various schools of thought would cause a confusing situation for both decision makers and economists. The example of this phenomenon would be the challenge between regional economists and regional spatial planners before the revolution and the rivalry between the physical planners of the MHUD and spatial planners of the PBO which discussed in chapter five..

The lack of unanimity among the regional planners both in terms of theoretical framework and methodological approach has made the decision-makers and economists doubtful about the efficiency of the regional planning¹⁰⁶.

Notes and References

1. '*Tashrih Marahel e Tahiiie Barnameh e Dovvom Dar Nezam e Barnameh Rizi*' - Explanation of the stages of preparation of the Second Plan in the planning System, P.B.O, 1991, p.1-2. and from 'Mostanadat e Barvameh e Dovvom -second plan's documents' First Volume, P.B.O, Teheran, October 1993,p.1-2.
2. There is no explanation in the "Second Plan's Documents" concerning NHP. This explanation has been summarised from various P.B.O's publications for various plans as well as the participatory observations of the author of this dissertation.
3. Ibid 1,op.cit, p.2.
4. Ibid.,p1-2 and participatory observations of the author of this dissertation.
5. Ibid., p.9-11.
6. Ibid., p.2-7 and p.19-22.
7. Ibid.,p8-11 and p.13-17.
8. See the diagram of Network of Planning Activities in this chapter.
9. Interview 1993.
10. Ibid1,op.cit, p.3.
11. See "A summarised Version of the First Five Year Economic, Social and Cultural Development of the Islamic Republic of Iran (1989-1993), PBO, Teheran, May 1990. and" The Final Report of the Second Plan", PBO, Teheran, October 1993.
12. Ibid.
13. Ibid. and Interview 1993.
14. Ibid 11.
15. Ibid 11 and see the Network of Planning Activities.
16. Ibid1., op.cit, summarised from P. 20-22.
17. Ibid. and interviews 1993.
18. See "*Chahar Choub Va Khotout e Rahnamay e Tahiiie Barnameh Panj Saleh ie Ostan* - The Framework and Guidelines for Formulation of the Provincial Five-year Plan", Fourth Edition, RPB, PBO, September 1992, p.1-9.
19. The instruction lacked any explanation regarding Provincial planning Committees. However these duties had been determined for The Council for Integration of Regional Development Plans and indicate the NPH's expectation from provincial Planning Committees.
20. Participatory Observation of the author of the dissertation and interviews 1992.

21. See Ibid.2, p.19 and 20.
22. See Ibid 11, the components of the national plan resulted from the review of the First Plan's documents. The Second Plan has had more or less the similar components.
23. See Iran's National Medium-terms Development Plans Since the Third Plan 1962 to the Second Post-revolutionary plan of the 1993.
24. Ibid .
25. Interviews with RPB's planners 1992.
26. In interview with pre-revolutionary planners (1991) they refer to the PBO's literature concerning to the subject matter of 'introducing Planning, Budgeting, Programming System' in early 1970. This system has been called the Cost Effectiveness Analysis - see J. Alden and R.Morgan, *Regional Planning:A Comprehensive View*, Intertext Publishers, Bath, 1974 .The author also has seen the PBO's literature but at the time of writing of the dissertation the original text has not been accessible.
27. See F. Pakzad, "*Mabani e Sanjesh va Gozinesh e Tarhay e Sarmayehgozari - The principals of Appraisal and Selection of Investment Projects*", PBO, Teheran, 1986, p.19 and p.22-24. and F. Tofigh,"*Daramadi Bar Barnameh rizi Eghtesadi - An Introduction to Development Planning, with special reference to Planning in Iran*", 1981, p.150-2.
28. Ibid 26.
29. Ibid. 27 and the results of the interviews 1992 concerning the evaluation of the four described criteria.
30. Ibid.2, op.cit, p.22.
31. Ibid., p.18.
32. Ibid , p.18.
33. Ibid .
- 34."*Dastourolamalha ie Nezam Barnamehrizi - Instructions of Planning System*", Volume Two of Second Plan Documents, PBO, Teheran, October 1993, p.139.
35. Ibid., p.142-144.
36. Interview 1993.
37. Interview 1993.
38. Interview 1993.
39. Interview 1993.
40. Interview 1993 and see Ibid 2, op.cit,p.21-22.
- 41.This issue was confirmed by interview 1993.
- 42.Participatory observation of the author of dissertation. Also this cas was confirmed by interview with the members of the member of CSPs 1993.

43. Participatory observation of the author of the dissertation.
44. Interview 1993.
45. Interview 1993.
46. Interview 1993.
47. The results of interviews 1993.
48. The results of studies and interviews 1993.
49. Interviews 1993.
50. This is an overall understanding which is emanated from the review of the past plans.
51. Interviews with various Sectoral Planning Bureau of PBO 1992.
52. Interviews 1993.
53. This case will be explained in chapter 8 with more detail.
54. Interviews 1992.
55. Interviews 1992.
56. Interviews with the mentioned sources at the text in 1992.
57. These evaluations are mainly made from empirical knowledge of the RPB, also see F. Pakzad '*Mabanie Sanjesh va Gozinesh e tarhaye Sarmayehgozari* - The principals of Appraisal and selection of the Investment Projects, PBO, Tehran, 1986.p. 91-110, and p.231-251.
58. Ibid. 34, op.cit, p.152-3.
59. Ibid. , p,153.
60. Ibid.
61. Ibid.
62. Ibid., p.156.
63. M. Todaro, Economic Development in the Third world, Third edition, Longman Group Limited, England, 1985, p.483-4.
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65. Ibid.
66. Ibid. 34, op.cit, p.144.
67. Ibid., p. 147. and See Form No 6 " *Ettelaat Marbout Be Har tarh e Omrani* - The Information Concerning each Development Project" from " Dastoor ol amalha ye Nezam e Barnamehrizi - The Instructions of the Planning System", Second Volume, PBO, Teheran, October 1993, p. 147.

68. Interview with PBO Sectoral Bureaus and see Ibid.27..

69. Interviews 1995.

70. Ibid. 34, op.cit, p. 153-154.

71. Interviews 1995.

72.Ibid.34, op.cit, p.144.

73. See " *Motaleat e Tarh e Foulad Mobarkeh* - The Study of Mobarakeh Steel Complex", Faculty of Architecture and Urban Planning, Shahid Beheshti university, Teheran, 1984, and " *Motaleat Mantagheh'i ie Petroshimi ie Bandar Imam* - The Study of Regional Impacts of the Petrochemical Complex of the Bandar e Imam" , Grouh e Markazi e Amayesh, Iran's Petrochemical Industries, Teheran, 1990. Both studies are concerned with a comprehensive regional studies for mitigating the environmental and regional problems which had been emanated from either mislocation or weak initial feasibility studies of the projects.

74. Interviews 1995.

75. Interviews 1995.

76.The result of interviews 1994.

77. Interviews 1994.

78. Interviews 1994.

79. Interviews 1994.

80. Interview 1995.

81. See Akbari and Ahsan,"*Seir e Tahhavvolat e Tashkilat e sazman e barnameh ve Boudge* - The process of change in PBO's Administration", PBO, Teheran, 1992.

82. Interview with RPB 1994.

83. R.E.Looney," Iran at the End of the Century", Heat and Company,U.S.A, 1977,p.57.

84. Ibid. , p.56.

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86. Ibid., p.56.

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88. Ibid., p.77.

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91.The results of interviews 1994.

92.These conclusions were confirmed by interviews January 1995.

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94. This conclusion was confirmed by interview January 1995.

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96. Ibid. , article B, p.7-8.

97. Interviews 1994.

98. Interviews 1994.

99. See W. Sellekaerts, Economic Development and Planning - Essays in Honour of Jan Tinbergen, The Mac Milan Press, London, 1974, p.1-40.

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101. "*Modelhaye Kalan Va Olgou ie Pish Bini Tahavvolat Jamieiati Mored Estefadeh Dar Tadvin Barnameh Dovvom* - The macro models and the patterns for prediction of change in population used in formulation of the Second Plan", Second Plan's Documents, Volume 5, PBO, Teheran, December 1993, p.16.

102. Ibid., p.9.

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105. For example see J.Alden and R.Morgan, Regional Planning: A Comprehensive View, Leonard Hill Books, Bath, 1974.

106. Interview 1992.

CHAPTER EIGHT:

The Analytical Review of the Regional Planning Efforts in Iran:

- the efforts at regionalising the National Plan*
- the independent Nation-wide Regional Planning Studies*
- some considerable independent regional planning studies in Iran*
- the lessons from the review of experiences*

CHAPTER EIGHT:

THE REVIEW OF ATTEMPTS AT REGIONALISING THE NATIONAL PLANS AND THE REVIEW OF INDEPENDENT REGIONAL PLANNING STUDIES:

Introduction:

This chapter is devoted to the review of the major planning efforts at regionalisation of the national plan and development process. In section one of this chapter four major experiences regarding the regionalisation of the national plan will be explained. These are as follows:

- 1)the Battelle's Regional Macro-Economic Planning;
- 2)the Scetiran National Spatial Strategy Plan or the concept of the Amayesh-e-Sarzamin;
- 3)the Regional Planning Bureau's Provincial Conceptual Framework for Development;
- 4)the Regional Planning Bureau's Provincial Coefficients for Distribution of the Sectoral resources.

These experiences will be discussed as the case studies for supporting the findings of the first two sections of chapter seven. The main purpose of this review is testing one of the main hypotheses of this research to confirm that:

The conventional planning system prevents both implementation of deliberate regional development policies and incorporation of the results of the independent regional studies in the official/final document of the plan.

In this relation the above mentioned experiences will be discussed for answering the following questions:

- 1)What has been the theoretical basis of each experience regarding the implication of the regional planning and regional development?

2) Which experience has had more potential for strengthening the relationship between the regional development and national planning?

3) Which sorts of barriers exist for utilisation of the results of these experiences for increasing the regional efficiencies of the national planning system?

In section two both independent regional studies and some regional planning efforts will be reviewed. Section one apart from its main purpose for evaluating the regionalisation efforts will also implicitly introduce four major experience which influenced the sphere of regional planning in Iran. Section two will continue this side of the discussion and at the end of this chapter various schools of thought have been introduced.

SECTION ONE:

The analytical evaluation of efforts at regionalisation of the national plan in Iran

The history of the efforts for regional development in Iran date back to the far past. What will be discussed here are the more significant experiences which are concerned with improving the relation between national planning and regional development processes by enhancing the regional dimension of the national plan. These experiences have all been nationwide planning activities. This review will include the precise back ground, the theoretical bases, the technical aspects, the critical evaluation and analyses of adaptability of the study with the national planning system for implementation of achievements of the study.

1-The Battelle's Regional Development Project:

1-1: The Background of the Study:

During the implementation of the Fourth national development plan, the regional imbalances were feared to be inevitable consequences of the policy of concentration of investment in the areas with high potential for development. In addition, the task of regionalisation of the national development plan has been faced by the perpetual problem of the lack of adequate information for regional economic

function. The *Battelle Regional Development Project* was started for these purposes by Battelle American consulting engineers in 1968. The study consisted of the following stages;

- the division of the country into the 11 planning regions.
- the estimation of the regional economic accounts for each of the 11 planning regions.
- the preparation of the regional input-output tables and interpretation of the regional economic function.
- the analysis of the regional imbalances and presentation of the wide range of disparities among the 11 regions.
- determination of the regional quantitative objectives for growth of the Gross Domestic Production per capita for curbing the regional imbalances.
- the proposition of the sectoral allocation of the financial resources for each of the planning regions for application in the Fifth plan.

The overall stated objectives for the regional development by Battelle were as the followings:

1-Acceleration of the small and medium scale rural industries for creation of employment opportunities.

2-The increasing of the productivity of the predetermined as well as existing development programmes through the preparation and implementation of the complementary and supplementary development programmes.

3-Improvement of the social services of the regions.

4-Increasing popular participation in implementation of the development projects and activities of public sectors.

5-The strengthening of the regional planning mechanism.¹

1-2:The Theoretical Bases of the Study:

Theoretically this study has an identical concept to the national development

planning, in other words the conventional concept of the planning at the national level had been generalised to the regional level. Thus the creation of the regional macro-economic plan² was the main objective of the studies, therefore it was intended to manipulate the regional economic growth³, rather than a direct effort for improving of the regional development process. The estimation of the regional economic accounts and using the input-output tables provide clear evidence for this conception.

1-3: The Methodological and Technical Merits of the Study:

The Battelle had used the indirect method for estimation of the regional economic accounts. Moreover the regional value added for different sectors in the planning region had been calculated for the first time and a series of quantitative analyses had become available⁴ by the regional inter-sectoral quantitative dependencies. A model for sectorally allocating financial resources had been created by Battelle, and also the Gross Domestic Product was calculated⁵, for application in the Fifth Plan⁶. Although, the accuracy of all estimates and calculations which have carried out by Battelle has been criticised by several analysts, the lack of adequate and reliable regional development information should be taken into consideration for evaluation of these studies. In particular the sectoral-regional allocation results had been considered doubtful because of an overestimated value added in some sectors for less developed regions⁷, without consideration of the reasons behind the backwardness of the less developed regions. However, the Battelle presented a new technical aspect to the regional economic planning in Iran.

1-4: The Adaptability of the Study with the Conventional System of National Planning:

Principally, with respect to the theoretical and technical similarity between the Battelle's applied approach and the conventional system of national planning, there might be a high degree of adaptability available for using the results of the study for regionalising of the national plans. The Fifth plan showed considerable

enthusiasm in this relation by relying on the Battelle's results. As was mentioned in previous pages, the Fifth plan for the first and the last time signified the regional quantitative economic growth rate objectives⁸. In addition many other achievements of the studies were considered by the plan, including the first provincial development plans were published during the implementation of the Fifth Plan such as East Azarbayjan, Semnan,. But the validity of Battelle expired after two years when the Revised Fifth Plan completely released itself from Battelle's domination and all traces of it were eliminated in the new revision of the plan. Several reasons were offered by various Iranian planning commentators, among them the following are more notable:

a) *The problem of regionalisation*: The applied criteria for dividing the country into the 11 planning regions was strongly criticised⁹; also it was argued by some critics that, even if it had correctly been applied, the regionalisation was mainly limited to preparation of the plan without consideration of the implementation mechanisms. The establishment of the appropriate regional management and coherent administrative system has never been discussed by the Battelle. Moreover, the 11 regions could not have existed in reality, in terms of regional supervision and legislation.

b) *The problem of accuracy of forecasts and estimates*: Although these are the most commonly stated criticism about the results of the study, regarding the lack of regional economic information before and possibly after this study, it was not easy to evaluate the accuracy of the calculations. In addition with respect to the application of the indirect method for calculation of the regional economic accounts on the basis of the national economic accounts, some less accurate estimates should be expected. Undoubtedly, the study provided remarkable regional information which at least was the best at the time of the study.

c) *The problem of planning procedure*: The determination of the regional quantitative targets for the Gross Domestic Product, would have been influenced the geographical distribution of sectorally allocated resources and furthermore, it would have depended on the inter-sectoral co-ordination mechanism which has never existed before.

1-5: The Evaluation of the Study:

There is no doubt, apart from some theoretical and technical weakness, the Battelle regional development project has established a cult for regional economic planning in Iran by some intellectual innovations. In particular that of the regional economic accounts and the regional input-output tables, in addition the more reliable interpretation of the regional imbalances was presented by this study, was strongly influenced the regional policies of the Fifth plan. But even if the weakness would have been obviated, the lack of spatial and geographical concern about regional development would reduce the efficiency of this experience. Similar to the conventional national planning procedure, the geographical distribution of resources will remain as a major problem¹⁰.

2-The Setiran's National Spatial Strategy Plan - Amayesh:

2-1: The Background of the Study:

The idea of a comprehensive and co-ordinated exploitation of the country's abilities - both, manmade and natural - was put into practice in Dec 1974 by the establishment of the Centre for Studies on Exploitation of the Territories which become the Centre for *National Spatial Planning* a year later¹¹. At the end of the Fourth plan the lack of a long-term perspective for national development, as well as the problem of co-ordination of inter-sectoral linkages between development decisions, has been recognised as a causative factor for failure of the national development plans¹². Therefore, the necessity for preparation of a long-term image for the future of the development trends which would have to be the consequences of the multi-sectoral exploitation of country's resources has been admitted for a harmonious long-term development¹³. The first step towards the spatial planning in Iran at national level was taken by the study of national spatial strategy plan by *Scetiran*, the French consulting engineers in 1974; the final report of First Stage was published in May 1976. According to the introduction of this report:

"The

"The study was organised around two essential and closely-linked tasks:

- A diagnosis of the present situation and existing tendencies. The aim is to provide a sound corpus of knowledge of national socio-economic system, its potentials and constraints, and the mechanism which control it. The diagnosis is intended to define present or foreseeable problems for which spatial planning can provide a solution.**
- Formulation of a long-term spatial strategy plan, intended to present a coherent package of spatial planning options and general objectives and their spatial consequences in the form of a long-term image of Iran, and also the policies needed to implement the plan".¹⁴**

The study carried out the following activities:

- the interpretation of the national spatial organisation of the country and identification of its critical points and bottlenecks.
- the preparation of a potential map of the agricultural activities for the country which was used as a key map.
- the formulation of the strategy for national spatial development and identification of the alternative development's poles and axes.
- the estimation of the size and function of the main urban centres and combination of their major economic activities .
- the introduction of the specially protected areas for environmental purposes.

Moreover the final long term image plan for horizon of the year 2012, contains the following decisions:

- population distribution and forecast of the size of the major urban areas and the densities of the rural population.
- primary sector activities under five categories of the cultivation potentials.
- secondary sector activities and industrial specialisations for ten major codes of industrial activities, including their locations and scales.

-the major tourism centres and places.

-urban functions, including the regional capitals and main cities plus their dominant economic function.

-the infrastructure networks such as communication and energy facilities.

-specific spaces including development axes and marginal or remote areas and protected areas for environmental purposes.

In addition a wide range of sectoral national spatial maps of the existing situation and a long term sectoral image plan were produced, and the explanation of the conclusion and the rationale of integration of different sectors of study, plus introducing the coherent policies, were published in three volumes in 1976.

2-2:The Theoretical Bases of the Study:

Mainly this study which has established the concept of *Amayesh-e-sarzamin* in Iranian planning literature was influenced by the French concept of regional development planning which is distinguished under the title of "*am'enagement du territoire*" in the sphere of the development planning.

There are many similarities between the Scetiran and the French regional planning system of the late 1960s; i.e., from view of the literature, the terms such as "harmonious", "comprehensive", "multi-disciplinary" development and also from the view of the methodology, the spatial organisation concerns and a map-oriented procedure of planning, and in particular relatively vaguely hinted financial aspects¹⁵ etc. Scetiran has described the characteristics of the Spatial planning as following:

"Spatial planning thus proposes to introduce a new dimension into planning. The way in which men and activities are distributed and organised over the country plays an essential role both as regards the well-being of the individual and of society and also the efficiency of the economy it self. This spatial distribution of men and activities should no longer be seen as the inevitable consequence of economic mechanism but as a subject for study itself."¹⁶

Therefore, the study should have paid particular attention to the following subjects:

"Space and geography: space is the common dominator for all activities. Relationship between activities and individuals and the spread of the effects of decisions depend directly on spatial organisation."

-The long term: the organisation of space cannot be properly considered in a five - or ten - year perspective, which is not only too short to allow accurate appreciation of the consequences of the option contemplated, but is also too short to free the migration from the influence of present trends.

-The overall approach, inter-regional and inter-disciplinary at the same time, is vital to ascertaining the indirect and induced effects of isolated or sectoral actions.

-The qualitative aspect of problems, which is complementary to the quantitative approach of economic planning, although seemingly less rigorous, is not necessarily any less objective".¹⁷

Thus, this study essentially had been some type of spatial planning for national development which aimed to complete the conventional national economic planning, for regionalising the national policies for economic growth by taking into consideration its regional dimension and its spatial aspect; this also was acknowledged by Scetiran:

"National Spatial Planning is characterised by a spatial, comprehensive and long-term approach to development. it can provide outlines in order to complement and reinforce the measures already undertaken by the government."¹⁸

2-3)the Methodology of Research:

The formulation of the National spatial Strategy Plan basically was organised in two stages:

a) *Preparation of the Basic Plan:* after accomplishment of the primitive stage for diagnosis the existing situation and analyses of the spatial organisation, the first step towards formulation of the National Spatial Plan was the drafting of the outlines of

the spatial development plan. This plan should had to be a consequence of the spatial integration of the major sectoral strategic decisions and:

"it therefore implies a distinct correction of current trends and a reassessment of present sectorial policies in which short-term preoccupation and the purely quantitative aspects of growth predominated. Aside from its utility as a first approach to national spatial planning in Iran, this Basic Plan will have two immediate uses:- as a reference for the preparation of alternative, more radical spatial planning strategies based on bolder options,...

- and

as a frame of reference for spatial and long -term aspects of the preparation and regionalisation of the Sixth five year plan,..."¹⁹

b) *preparation of the National Spatial Strategy Plan*: which was delineation of the general objectives of the Basic Plan in terms of a long term perspective image of spatial development of Iran. It had been assumed that:

"The general objectives and this image will provide a common frame of reference for the description of the specific policies for the sectors and domains elaborated..."²⁰

However, the study has been formed from the following sectors; the economy, the population and space, the rural sector, the urban sector, the infrastructures and the society. Lack of adequate explanation about methodology as well as applied techniques and also the wide range of decisions which have been made by the study make it difficult to evaluate the technical merits of the study.

"The study was carried out mainly by the technical expert of the Scetiran with contribution of some French poly-technician experts. However, negotiations were carried out with various sectoral officials and planners, but no responsibility was determined for provincial P.B. bureaus, thus it was a strongly centralised approach for spatial planning."²¹

2-4: The adaptability to the Conventional, National Planning System:

Although the Sixth plan showed a great enthusiasm for application of the results of the study, due to premature contact between the National Spatial Strategy Plan and conventional national planning procedure, its impact was very limited. The main reason behind this failure could be that the study had not been completed²². No priority for sectoral development projects had been specified, while the results of the study were limited to the overall spatial development strategy and sectoral regional policy. There is no doubt that, if the stage of identification and prioritisation of the development projects and programmes had been completed, then the greater application of the results of the study would have been possible. However, as a major impact of the study, apparently, the sectoral-regional committees of planning were established, but in practice they were the old fashion sectoral planning committees. They continued their traditional job while they pretended that they were considering the regional aspects of their decisions on the basis of the National Spatial Strategy Plan²³. Not only were the provincial representatives participating in the committees, but the inter-regional and inter sectoral co-ordination bodies had been neglected in the planning apparatus.²⁴ Hence there had not been any adequate supervision on the function of committees in relation with the regional co-ordination. Notwithstanding the absence of provincial representatives, the provincial editions of the Sixth plan were published as a symbol of regionalisation of the Sixth plan.

2-5: The Evaluation of the Study:

Whereas, the concept of Amayesh has had a penetrating intellectual influence on the implication of the regional development and planning in Iran, therefore, this study could be evaluated as a historical event in the trend of Iranian planning experiences, however, which has never succeeded in radically changing the procedure of national planning. Although the rationale, methodology and applied techniques of the spatial planning had not been clearly understood for most of the Iranian economists, who have had a dominant role in the national development planning, the study had been well organised.

The diagnosis of the existing situation and the interpretation of socio-economic and the trends of spatial organisation of development, has been acceptable, particularly with respect to the weakness of the regional and

environmental information (as a permanent problem of regional planning in Iran) and also the limited time of the study.²⁵ Obviously, it is to be expected that such innovative and comprehensive studies, in particular some of its controversial decisions, would be faced by a wide range of critics. The major critical views about the study will be summarised as following:

"The lack of clear implication of "development" and ambiguity of development pattern , with respect to the characteristics of Iranian society²⁶.

-the adopted spatial strategy, based on the development axes and centres was criticised for its irrelevance to the circumstances of Iran, as well as its conceptual framework. It had been argued that:

"This spatial strategy, will increase the gap between developed and less developed areas."²⁷

-the concentration of the development centres in the west part of the country and insufficient attention to development of the Eastern parts of the country²⁸, and the question of the relation between the designated development centres of the north, north east, centre and south east with the development axes as well as the rest of the country.

In addition the horizon of 40 years for the study was criticised because of the inaccuracy of estimations and unrealistic results.

It worth mentioning that, the Scetiran has used the term "*Amayesh-e-Sarzamin*" in its Persian edition, while the term of "*National Spatial Planning*" has been used for its English version and "*Ame'nagement du Territoire*" for the French edition. Therefore there has been a long dispute over the adaptability of these three phrases from different languages and various schools of planning for the description of a single purpose. This terminological challenge has more or less remained disputable in recent years. In explanation of the post-revolutionary experience of Amayesh, its characteristics will be discussed in more detail in next pages.

3- The Regional Planning Bureau's the Provincial Conceptual Framework for Development: the Second Stage of the Amayesh-e-Sarzamin Studies:

3-1: The Background of the Study:

In 1983, as explained in chapter 6, when the First post-revolutionary development plan was submitted to the parliament by the government, it was assumed that the National Spatial Strategy of the development plan would be rendered three months after parliamentary approval of the national plan²⁹. Therefore, the Regional Planning Bureau (RPB) of P.B.O, was restored for formulation of the National Spatial Strategies for guiding the regionalisation of the national plan. From the initial stage of the restoration the RPB was faced by a series of questions about the Amayesh, not only its theoretical, methodological, technical and organisational form, but its place in the planning process, its relation with the sectoral committees of planning as well as with provincial committees³⁰.

Although soon after restoration of the RPB the First plan was faced by the problem of ratification in parliament, the RPB continued its objectives for providing appropriate circumstances for preparation of the regional plans. The RPB argued that:

whether the regionalisation of the First plan is intended or not, the RPB could not perform its duties regarding the inter-regional co-ordination as well as regional development supervision without the application of an Amayesh framework;³¹

Therefore, the first stage of the study was started in Oct. 1983 and the second stage was finished in 1988. The chief staffs of RPB had already spent one year on a critical review of the Scetiran's heritages in 1981. They had collected some information about the methodology of Scetiran through interviews by some of the remaining Iranian contributors and also had participated in the preparation of the First plan as co-ordinators of the *Hormozgan* province planning activities. However, the rest of the RPB staff had to be selected among the young and well educated P.B.O's applicants.

The main differences between Scetiran and RPB from the point of view of the organisational form of the study were as follows:

-In contrast to the Scetiran the RPB planned for a nation-wide contribution of the planners of provincial P.B.Os which had already been organised for preparation of the First plan in 1982. Hence the RPB was mainly concentrated on providing the overall conceptual frameworks and provincial operational guidelines and instructions.

-The Scetiran was being supervised by the centre for Amayesh-e-Sarzamin, but the RPB performed the work of both - Scetiran and the Centre for Amayesh-e-sarzamin³².

3-2:The Theoretical Bases of the Study

The RPB defined Amayesh as followings:

Accommodating the relationships between man, his activities, and space for logical - i.e. efficient- utilisation of potentialities towards improving the material and mental conditions of society in the course of time based on ideological values and with regard to cultural and ethnic traditions using science and experiences³³.

This definition which mainly has a similar implication to the Scetiran's has been accepted as an official definition for Amayesh with ever increasing application in the Iranian planning literature. Four characteristics for Amayesh could be inferred from this definition:

- *comprehensiveness*, due to its explicit concern for the integration of the various dimensions of development such as; economic, social, and spatial development, which should implicitly take into consideration the cultural, political and to some extent even the security aspects of development activities.

- *Overall view or generality*; due to the multi-dimensional nature of Amayesh it should be limited to a certain level of its corresponding dimensions. In other words elaboration of each dimension should to be harmonised with the level of elaboration

in other dimensions.

- *Geographical orientation*, due to the implication of space as an instrument for the regulating of events in different dimensions of development.

- The character of *long-term orientation*; due to the process in which the space is to be organised, this also would have emanated from division of labour between the various flows of national planning and in particular the fashion of physical planning.³⁴

However, such a comprehensive and relatively sophisticated concept could to be explained in different ways, hence, the RPB had had a wide range of means for explanation of the Amayesh in various opportunities, such as periodical inter-provincial seminars as well as its publication. Some of them which deserved more penetration will be here recapitulated:

- the Amayesh will delineate the feature and characteristics of the developed stage of the country and could be used for knowledgeable management of the process of spatial organisation of development .³⁵

- it is the spatial reflection and locational conclusion of the socio-economic development strategies in the realm of country which determine the role and the function of each region.³⁶

- it could bridge the gap between the economic growth strategies and physical planning as well as sectoral and spatial aspects of development.³⁷

- it presents the harmonised and integrated framework for preparation of the comprehensive regional development plans, therefore, it can amplify the relationship between the national planning and regional development.³⁸

Although in various parts of this dissertation the rationale of Amayesh has been discussed in detail, here the more crucial issues are worth mentioning in order to answer those questions of the outset of this section.

In general, there is some vagueness in both definitions presented by Scetiran and RPB which has mainly derived from an overall shortcoming of planning

literature i.e., the boundaries between "*economic growth*" and "*development*" as well as "*physical planning*" and "*spatial planning*". Although the RPB published a terminology for Amayesh's literature, including some explanation on the bases of the RPB's theoretical assumptions about this subject matter³⁹, it also has originated from the challenge between various department of the government's administration. Though some authors have pointed out the conflicts between the "*Sectoralist*" and "*Regionalist*" within the P.B.O's administration⁴⁰, they have neglected a more important dispute over the place of Amayesh .

Surprisingly, similar to French experience of "*ame'nagement du territoire*" and its background in the Ministry of Construction⁴¹ before the establishment of DATAR , in Iran, administratively it was started Ministry of Development and Housing - since 1975 the name of the ministry has been changed to the Ministry Housing and Urban Development - by establishment of the Centre for Studies for Exploitation of Territories. Further, this centre was transferred to the P.B.O in July 1975⁴². Not only, ironically, was the legal process not accomplished, but the responsibility of preparation of the National Master Plan had been stipulated in the 1975's Law of Changing the Name of Ministry of Development and Housing to Housing and Urban Development to this ministry⁴³, while simultaneously, the P.B.O's Centre for Amayesh-e-Sarzamin was involved to the National Spatial Strategy Plan by Scetiran.

Apparently, due to the Shah's tendency towards the P.B.O the problem of the place of Amayesh was left unspoken⁴⁴. In 1984, when the result of the first stage of RPB studies was approved by the government, the Minister of Housing and Urban Development exerted his legal legislative responsibility for suspension of the government approval about Amayesh initial results⁴⁵. So, P.B.O was obliged to argue about the differences between the spatial planning and physical planning as well as Amayesh National Plan and National Master Plan. RPB, had accepted the responsibility of this justification though it was aware of the shortcomings of the scientific literature; otherwise they might have accepted the superiority of the physical planners and stopped their studies⁴⁶. Hence, although the Amayesh concept had been imported from the French planning literature by Scetiran, RPB has tried

to adopt a more pure concept of Amayesh regarding the characteristics of Iranian society as well as administrative circumstances, through the exaggeration of the differences between physical planning and spatial planning.

The line of RPB's reasoning started from the point of the implication of space and they argued that the Amayesh is concerned with the space of economy as well as the economy of space, which both consider the space as a relative space, that which could be identified mostly by the nature of the activities⁴⁷. In other words in terms of the development process the contents of socio economic activities will determine the identity of space. Thus, whereas the P.B.O is responsible for coordination of the socio economic activities in terms of the development programmes and projects, it is more proper for co-ordinating the spatial dimension of development on the basis of economic growth strategies.

In addition the RPB interpreted the pre-revolutionary planning experiences and particularly the reasons of locating of Amayesh in P.B.O as a complementary approach towards conventional procedure of preparation of the national plan. The RPB criticised the idea of generalising the concept of Master Plan to the national scale and in particular, where its deficiencies have been revealed at the urban scale. In addition the implication of space in physical planning is more as an absolute space which considers space as a receptacle, while there is no any mechanism for controlling the contents of those socio-economic activities which will settle within it. The RPB also argued that the physical planners were unable to manage the process of the spatial organisation while the fragile mould which they use for ordering the physical structures could have not resist the dynamism of socio-economic trends, and finally the contents would become dominant over the form⁴⁸.

Ultimately after six years of dispute in different governments' corresponding bodies for investigation of the right place of Amayesh, the governmental decree of the June 1992 divided the responsibility between the Ministry of Housing and Urban Development, and P.B.O. The former will continue the preparation of the National Master Plan, while the latter is institutionalising in the P.B.O for preparation of the National Spatial Strategy Plan⁴⁹. Not surprisingly, over the period of these struggles,

the RPB was preoccupied with a similar quarrel inside the organisation of P.B.O, against the militant economists who have shown loyalty to the tradition of sectoral planning⁵⁰.

They criticised the pictorial-dominated approach of Amayesh while apparently quantitative models is the official language of P.B.O's economist. In this regard, the RPB has responded:

"we are both using the mathematics, if you are relying on algebraic equations the geometry is our mathematics, the challenge between the mathematics models and pictorial map is not reasonable they both are complementary instruments for a sound recognition of the existing reality and forecasting the future trends while they are following the unified concept of planning and development".⁵¹

Therefore, in order to respond to these criticism the RPB has paid more attention to improve the relation between theory and techniques of Amayesh and has been more or less identified by the P.B.O's criteria as an independent procedure of development planning along with the conventional economic and physical planning procedures.

Despite these internal and external debates the study of Amayesh has successfully continued in the last decade in Iran, which has changed the traditional dichotomy of sectoral planning and physical planning by becoming the third faction of planning in the sphere of Iranian development planning. Therefore since 1986 the emphasis has been for the RPB to use from the term of Amayesh both in its Persian and English texts. This has also been acknowledged by the United Nation Centre For Regional Planning - UNCRD - at *Nagoya*, after four successive years of presentation of the Amayesh in their annual training courses⁵². With regard to the ambiguity which has existed in relations between the Amayesh and national economic planning, the RPB has explained its assumptions according to the diagram which will be presented in chapter 9.

3-2:The Methodological and Technical Merits of the Study:

The basic methodology which has been applied by the Scetiran for preparation of the National Spatial Plan, was accepted by the RPB. According to this methodology, Amayesh studies will be completed in the three following stages:

The First stage: The preparation of the Basic Amayesh plan, which has a similar content to the Scetiran's National Basic National Strategy plan.

The Second stage: The preparation of the National Synthesis Amayesh Plan or elaboration of the basic plan as far as the optimum combination of national development projects could to be identified.

The Third stage: which consists of two activities:

- a) The prioritisation of the national development projects, based on the assumptions and directives of the medium-term macroeconomic plan.
- b) preparation of the regional development plan, which consists of the main regional and local development policies as well as distribution of the national development projects and sub-national and local development projects⁵³.

In general the main differences between RPB's approach and the Scetiran experiences can be outlined as follows :

Firstly, the problem of formulation of a long term development strategy. The RPB recognised that the medium term economic strategy plan, which traditionally is to be formulated by the P.B.O's Macro-economic Bureau could not be applied for the long-term purposes. A great deal of time was devoted to conceptualisation, formulation and justification of a long-term strategy for socio-economic development and its spatial conclusion, though the Scetiran already had a self-approved long-term national development strategy⁵⁴.

Secondly, the preparation of the provincial conceptual development framework is the main attribute of the RPB's work. The RPB recognised the necessity of this document for the two following reasons:

1) It is an alternative to active participation of the provincial P.B.Os as well as the Provincial Committee of Planning. The RPB believed that the benefits of the involvement of the provincial planners and decision makers could increase the mutual understanding about those problems between central and provincial levels which would have jeopardised the phase of provincial articulation of the national development strategies. In addition it could have assisted the aim of improvement of the Amayesh knowledge of the provincial planners.

2) It was an attempt to prevent preparation of the crude regional inventories which had happened in the Six Plan of 1976 and also in the First plan of 1982 when the provincial proposals were recognised as insignificant lists of regional needs⁵⁵.

Several instructions and directives were produced by the RPB for both the First stage of the study in 1983 and for the Second stage in 1986 . Regarding the environs of the P.B.O and the tendency towards mathematics models, several quantitative models were also prepared by RPB among which the following deserve a specific mention:

- a dynamic pattern for population, aiming to quantify the relationships between investment and mobility of the population.

- the nation-wide feasibility study for the network of the industrial activities, which tentatively, the regional alternatives for industrial activities was prioritised.

- appraisal of a transportation model for minimising the costs of transportation through the Network Designing.

- evaluation of the application of the Garin-Lowry model for projection of the population and employment for different provinces.and

- the establishment of the Geographical Information System and preparation of the Provincial Socio-economic Atlas..⁵⁶

The RPB has published several papers and books for a technical explanation of its methodology of research and also more importantly has introduced the approach for finalising the Basic Amayesh plan. In a comparison between the Scetiran and RPB, from this point of view, the former was not obliged to answer every question, while the R.P.B, not only because of its position as a government agency, but also because of the socio-political circumstances due to the revolutionary

environment, has been obliged to have convincing answers for all possible questions.

After the preparation of the First stage the RPB called for critical evaluation of the results of the study from all interested bodies of the government i.e., the ministries, sectoral and provincial committees of planning, provincial P.B.Os, sectoral departments of P.B.O, and the universities. RPB received more than thousand pages of opinions and critical comments and also some acknowledgements and expressions of appreciation.

Mainly the long-term strategy proposal was the centre point of the debate and methodological and technical aspects received less attention. Further the RPB attempted to modify the conclusion in the revised edition though it could not satisfy many of views; however, as a methodological device it was assumed that this would have improved the culture of Amayesh among the planners and officials.

Therefore Amayesh became a well-known paradigm of development planning rather than an intellectual concept of a limited group of regional planners. The RPB has enjoyed this curiosity to improve the theoretical knowledge and technical abilities of its staffs although its performance has never appropriately been evaluated so far.

3-4: The Adaptability of the Study with the Procedure of the National Planning:

As explained, in comparison between the Scetiran and RPB experiences the RPB generally adopted a hypothetical long-term strategy for national development as a conceptual framework for derivation of the national spatial strategy, hence the results of Amayesh studies could be classified in the four followings categories:

I-the long-term strategy for the national socio-economic development.

II-the long-term strategy for the national spatial development.

III-the regional development comprehensive policies.

IV-the main national development projects.

The application of the results of the study in the national planning for each category has been the following:

I)there is no doubt that formulation of a rational long-term socio-economic development strategy, strongly depends on the situation of national resources and abilities as well as a reliable diagnosis of the existing dominant trends of spatial organisation. Moreover it requires a more comprehensive inter-sectoral co-ordination for laying down a set of harmonised policies for achieving the objectives. Experience has shown that some development strategies have failed due to the lack of adequate consideration of these issues. For instance, the strategy of import substitution and its coherent industrialisation, as pointed out by Looney:

" While a policy of geographical deconcentration was pursued by the government, industry became increasingly concentrated in Teheran,..., the demand for labour increased selectively. Although there were large masses of underemployed in the rural areas, shortage of skilled and semi-skilled labour resulted from the industrialisation process.(1982,p.30),..., Import substitution industrialisation as implemented in Iran, created several severe sectoral imbalances."⁵⁷

and therefore more inter-regional imbalances.

As explained earlier, the Amayesh as a comprehensive and spatial oriented approach of decision making, would ameliorate such problems. In addition it would have to be used for effective and more reasonable implementation of the national development strategies. Unfortunately, not only has it never seriously been used by the policy-makers, but also its spatial recognitions and regional development recommendations have escaped from the attention of the sectoral planners as well as decision-makers⁵⁸.

It was hoped after revolution, due to change in national development strategy the Amayesh has to be applied because of its ability for examining the feasibility of the new alternative development strategies. For instance, the strategy of self-sufficiency in basic agriculture goods could be evaluated only through an analysis of the production capacity of various regions of the country. However, due

to contrast between the results of this evaluation and the deliberate assumption of policy-makers the adopted hypothetical strategy for long-term strategy development by RPB was pushed aside by decision-makers⁵⁹.

II and III) despite the coherence between the long term socio-economic development strategy and spatial development strategies, surprisingly, the RPB's proposed long-term national spatial development strategy was approved by the Supreme Assembly of National Economy in 1986⁶⁰. However, as explained in chapter 5, in 1989, during the preparation of the First national plan it was revealed that the approved national spatial development strategy could not be applied as a criterion for distribution of the allocated resources, for the traditional procedure of national planning on favour of the sectoral planning did not show adequate flexibility for application of the regional planners views. Hence the national spatial development strategy has remained as an independent and abortive outline of the approved document of the First Plan. As a result, no applicable measure was introduced for selection of the sectoral development projects as well as regional allocation of the resources on the basis of the First Plan's Amayesh policies.

The Second Plan of 1993 had a situation identical to that of the First Plan. Again the National Spatial Strategy, more or less similar outline to what was formulated for the First plan was repeated. Although the RPB has suggested a new approach for provincial allocation of resources for completion of the conventional sectoral allocation procedure, no step was taken by the planning authorities for change in the old style of sectoral resource allocation. The RPB's proposal will be discussed in next pages.

The spatial strategy of development, which would have to be regarded as a complementary part of socio-economic planning's activities, can ensure a more reasonable territorial distribution of the resources and activities if it is to influence the resource allocation process. Therefore the national spatial strategy of Amayesh, despite several attempts, still could not to be applied in practice and has remained as a lip service. Despite a comprehensive regional development policies which have been derived from Amayesh detailed studies through preparation of provincial conceptual frameworks of development, have formulated by the RPB, due to lack

of regionalisation stage in the process of preparation of the national development plan, this function of Amayesh has never been used in post-revolutionary national development plans⁶¹.

VI) An important part of the provincial conceptual framework for development has been devoted to the identification and prioritisation of alternative development projects for different sectors of study; due to the lack of a reasonable programming stage in the process of preparation of the national plan, these achievements have not been used also in recent national plans⁶².

3-5: Conclusions:

Apart from some theoretical and technical shortcomings in Amayesh studies, it has considerable potential for improvement of the planning system in many aspects. Not only can it strengthen the relationships between the national planning and regional development, but it is a complementary part of national development planning per se. Chapter 9 will recommend the abilities of Amayesh for enhancement of the relationships between national and regional planning, economic and physical, and medium-term and long-term planning. However, this study has re-established a more developed concept of Amayesh as a undeniable development planning paradigm in contemporary Iranian development literature, which has alleged as a cult of Amayesh-e-sarzamin with ever increasingly tendencies towards it.

4-The RPB'S Distributive Co-efficients of the Second Plan:

4-1: The Background of the Study:

As explained in chapter five, at the inception of the Second Plan the dispute over the participation of provincial planners was mounted between the RPB and NPH. The head of the RPB, due to the experience of the First Plan of 1989, was reluctant to conduct fruitless activities which could increase regional disappointment. At the same time the PBO's Deputy for Regional Affairs relied on the NHP promises on incorporation of the results of the provincial activities in the final

document of the plan to the greatest possible degree. Nevertheless, the RPB prepared an instruction for preparation a proposal for the *Provincial Medium-term Socio-economic Development Plan* by the provincial planners. The operations were started after the presentation of the instruction by the RPB in the nation-wide gathering of the heads of provincial PBOs in September 1992 at Teheran concerning *the Participation of the Provinces in the Second Plan*. The instruction was too comprehensive and asked provincial planners to prepare their proposals without limiting to local development programmes. During the provincial activities the PBO's Deputy for Regional Affairs and head of RPB both resigned. After the accomplishment of the operations the new PBO's Deputy for Regional Affairs and the new head of the RPB were convinced by NPH to limit the operations at provincial development funds. In general the resources of each sector be divided into the two sections:

- a) the national developmental funds from approximately 80⁶³ percent of total funds allocated to the sector by the macro-economic plan which will finance those sectoral programmes with national significance;
- b) the provincial developmental funds, the 20 percent remaining funds of the sector, which will finance those sectoral programmes with provincial function.

It should be noted that this portion is different in various sectors. It depends on to the degree of centralisation of decision making in various sectors. For instance in the First Plan of 1989 the provincial developmental funds of the sector Higher Education has not exceed 1.5 percent of total developmental funds of the sector⁶⁴.

The Provincial Development Funds , as explained in chapter six under the Special Local Programmes - SLP - has traditionally been allocated by a provincial system of planning. Therefore the RPB concentrated on devising a new mechanism for allocation of provincial development funds of each sector among the 25 provinces of the country.

4-2: The Theoretical bases of the Study:

The method has mainly been based on the selection of appropriate indicators for distribution of the provincial developmental funds of each chapter - sub-sector - of the plan and calculation of the weight of each indicator for each province by using a mathematic formula. The result will be used as a coefficient which determines the portion of each province from each sector's development funds⁶⁵.

Undoubtedly this method by itself has a significant effect in the planning process as far as it is concerned with the subject matter of provincial development funds. As explained earlier, each sector distributed its provincial development funds by its own criteria. The system in general lacked a mechanism for control and co-ordination of the sectoral decisions concerning various provinces. Thus in first place, the immediate benefit of this method is the introduction of a system for co-ordinated distribution of the provincial development funds of the plan. The major theoretical weak point of the method in terms of regional planning is that the method has left aside the regional development concepts and has declined to a simple sectoral allocative model as a continuation of sectoral approach of the elaboration of a national plan. Thus the method has an allocative rather than innovative nature, which latter has been recognised as one of the main characteristics of the regional planning activities⁶⁶. Moreover all principal factors for regional development - such as regional resources, manpower, manmade capacities, and location of the province, and the like - instead of using them directly and explicitly have been indirectly used with an implicit affect on regional development. In addition the model in contrast to many schools of thought in regional planning has no spatial implication. In general inter-sectoral co-ordination within a given area has also been recognised as another characteristic of regional planning. In this case, instead of horizontal co-ordination of various sectors on the basis of a unified concept of regional development, the method disintegrates the unified and concrete entity of a region by following a sectoralist approach of elaboration of the plan.

4-3: The Methodology and technical merits of the Study:

Although the methods have used various models for various sectors, in general these models have a similar structure. They mainly determine the Province's portion from total Developmental Funds (Si) in each chapter - sector - of the national plan by calculating the total Developmental Funds of the sector in the five-year plan (C) under the effects of the relative ratio of the province funds in the sector in question (Ri):

$$Si = Ri C$$

For a better understanding of the method according to the instruction, the method of calculation of each province from the national development funds for building the class rooms in the country will be described here.

The national developmental funds for the elaboration of the national plan in Education chapter will be distributed according to the following stages:

- 1)determination of the qualitative objective of the plan .i.e expansion of the educational spaces through building the required number of class rooms;
- 2)determination of the indicator of the objective or quantitative objective of the plan .i.e the objective of 31.8 pupils for each class at the level of preliminary / elementary school;
- 3) consideration of the principal variables .ie. the number of pupils in each stage of education, the number of required class rooms at the horizon of the plan;
- 4) calculation of the portion of each province from the total developmental funds in the sector of education will be determined through the following formula:

$$Ri = (Di - Ai) Ui . Zi / \sum_{i = 1}^{24} (Di - Ai) Ui . Zi$$

- Si the portion of province from the sector in question
- Ri the relative portion of province from total funds of the sector in question

C	total developmental funds of the sector in question in the five-year plan
Di	the absolute number of required class rooms concerning the plan's objective
Ai	the number of class rooms existing and under construction
Ui	the refired funds for building a unit of class room
Zi	the provincial technical co-efficient.

It is evidently clear that this method is more applicable for those sectors with a distributive nature , those can be measured by the per capita indicators such as education and health and the like. The method is not easily used for sectors with more sophisticated locational characteristics such as industry and manufacturing, or those with locational dependencies such as mining, or those with non-locational dependencies such as communication. Each sector in terms of the regional development process has its own particular nature. The instruction has admitted the limitation of the model in some sectors. For instance according to the report of the application of the model in the Second Plan the method could not been used evenly in various sectors:

- in some sectors due to variety of refired information, the method could not succeed to determine quantitative objectives such as educational service⁶⁸, or urban water supply⁶⁹, or industry and manufacturing⁷⁰, mining⁷¹, urban development⁷², rural development⁷³, road and transportation⁷⁴, electricity ⁷⁵,
- in some sectors due to the structure of the sector the method has relied on the ad hoc judgment, such as most sub-sectors of the agriculture sector ⁷⁶,
- in some sectors the method could not determine the provincial portion from national funds such as environmental protection⁷⁷.

It has been stated that at least 40 models with more than one thousand variables have been used to distribute the provincial development funds among 25 provinces of the country ⁷⁸. It should be noted that all these models have been constructed on the basis of one sector's indicators. There is no evidence that any model has the ability to calculate the sector's portion by consideration of other indicators outside the sector. Therefore the method has no inter-sectoral merits and

efficiencies.

Notwithstanding the theoretical weakness of the method technically it has tried to introduce some approaches for more reasonable distribution of the provincial developmental funds. Apart from the above mentioned constraints and excessively simplified models, the method has reliable a foundation because it has taken advantage from both the information gathered during several years continuous studies of Amayesh-e-Sarzamin and also has worked in the light of the regional insight which has been provided by Amayesh concepts and results. In addition contributions of provincial planners and use of first-hand and direct knowledge about regional problems will bring more reasonable results than the traditional approach in which sectors distribute their Provincial Developmental Funds individually and by their own regional knowledge and by their own criteria.

4-4: The Adaptability of the Study with the Conventional System of National Planning:

As has been explained by the introduction of the instruction, the advantage of the method is its adaptability to the traditional process of elaboration of the national plan into the sectoral medium-term development plans. This has also been noted in the report of the application of the method in the second plan as:

simultaneous and integrated process within the national-sectoral planning system⁷⁹.

It should be noted that the extent of sectoral acceptance of the result of this study should be discussed carefully. Apparently in the early stage of application of the method as far as the sectors feel that this model will facilitate their duty they will accept it, but in case of appearance of some differences between sectoral views and the results of the RPB's study the mechanism of consensus has not been discussed anywhere.

4-5: The Evaluation of the Study:

The system according to the interviews by the RPB planners and by the provincial planners has been evaluated differently:

- on the one side; some planners appreciate this method as a more realistic and more fruitful context of participation of the provincial and regional planners in the process of preparation of the national plan. They hope in future the method will develop and will embrace more sectors and a larger portion of total funds⁸⁰.

- on the other side, some planners criticise the method as ending the endeavours of regionalists who attempted to justify the importance of the regional dimensions of the national plan and to regionalise the whole planning decisions. They argue about the budgetary nature of the method rather than the spirit of planning⁸¹.

In short this method can be termed: a sectoralised method of regionalisation of the national plan. Although it covers 20 percent of total developmental funds of the plan, it is hard to accept that 20 percent of the plan has been regionalised. Apart from the theoretical weaknesses of this study, the method can be appreciated as the first stage of setting up the condition outside the sector, in particular by a regional-oriented body within the planning system. This method will bring about a procedural change in the process of the preparation of the national plan as far as the sectors accept the results of RPB's studies. The success of this method strongly depends on solving the mechanism of agreement between sectors in case of disagreements. It should be noted that this method should not be regarded as an alternative for regionalising the national plan by regional development principles. In the absence of Amayesh the method is unable either to understand the regional changes or to accommodate changes on the basis of unified deliberate concepts of regional development for various provinces of the country.

CONCLUSION OF SECTION ONE:

The four explained experiences of regionalisation of the national plan in Iran theoretically one can classify in three groups:

I) regionalisation of the national plan by continuation of the principle concept of formulation of the national plan; that is the experience of the Fifth Plan's Badly,

II) regionalisation of the national plan with conceptual bases different from the

concepts of formulation of the national plan; that is the experience of the Sixth Plan's Scetiran and First Plan of 1989 the RPB's experience,

III) regionalisation of the part of the plan by continuation of the sectoral approach of elaboration of the national plan, that is the experience of the Second Plan of 1993 the RPB's ;

The results of the review of these approaches of regionalisation of the national plan can be concluded as follows:

1) the relative success of the Sixth Plan admitted that the regionalisation of the national plan requires a guide plan which can illustrate a perspective of the spatial organisation of the major socio-economic structures and high level population centres at the planning horizon. That plan will be used as a reference framework for distribution of economic activities and development projects between the various territories of the country.

2) the failure of the RPB in the First Plan of the 1989 was stemmed from the lack of contribution of sectoralists in the process of regionalisation of the plan. In contrast the reason for the success of the Sixth Plan was the contribution of sectoral planning committees as a continuation of planning activities along with the regional bodies responsible for co-ordination of the process of regionalisation of the plan. This indicates how the process of regionalisation should be regarded as a common work of all units of the planning system's apparatus.

3) the failure of Battelle experience in the Fifth Plan for regionalising the national planning system was mainly stemmed from the fact that the concept of regionalisation of the plan had been conducted by an independent group outside the planning system's apparatus . Also the relative success of RPB in the Second Plan of 1993 indicates that promoting the activities simultaneously and integrated in the planning process and by a unit within the planning apparatus would ensure the adoption of the results by other units.

Apart from these lessons, the review also reveals that in Iran the national plan has never become regionalised fully -in terms of total investment funds- and

comprehensively - in terms of a regional-sectoral elaboration of the national plan. Even the Sixth Plan experience did not proceed further from the preliminary stage of estimation of the total funds for investment during the period of the plan in each province. Something more or less similar to sectoral allocation of the plan without appropriate mechanism for selection and distribution of the development projects. In chapter nine the real implication of the regionalisation of the national plan will be discussed in more detail.

SECTION TWO:

In this section some types of regional planning studies independent from the national planning efforts will generally be introduced. The aim of this review is to understand on the one hand the various schools of thought among the regionalists in Iran, and to understand the extent of incorporation of their results in the process of national planning.

5-The Studies for Recognition of Deprived Regions:

5-1:The Background of the Studies:

The fifth type of nation-wide regional development studies in Iran is the Study for '*Recognition of Deprived Regions*' (hereafter SRDR). This study in practice is more famous under the title of '*Dedeprivation Studies*'. It is clear from the title of the study that the main intention of these studies has been the recognition of the less developed areas for accelerating the process of their socio-economic development through laying down appropriate supportive policies and financial assistance by the central government. Therefore the definition of the regional deprivation, the method for classification of the level of regional development in different parts of the country, and the overall policies for decreasing the level of regional socio-economic deprivation, has been the main preoccupation of these studies.

This study started in 1983⁸² and it will be completed in several stages, the

seventh stages of these studies which began in 1993 ⁸³. At the first stage, according to the eleven criteria, six provinces had been recognised as deprived provinces and additional resources were allocated for coherent special projects. The number of criteria were increased to 24 in the second stage in 1985, also the geographical basis has changed from province to region, hence several deprived regions were recognised initially. From the third stage since 1986 a Commission for Deprived regions was established for more detailed studies.

This commission had been formed by representatives of P.B.O, the Ministry of interior, and the Office of The Prime Minister. Since 1987 the deprived regions officially have entered the annual national budget of government. Therefore the P.B.O's Bureau for Co-ordination of Regional Affairs has been appointed for the technical and financial services for development of the deprived regions. The bureau elaborated the studies up to the Shahrestan (sub-provincial) level; 41 shahrestans were introduced as deprived regions and specific resources were allocated to them within the official document of the annual budget of the government. At the fifth stage-1986, again the geographical bases of these studies were reduced to the '*Bakhsh*' or district's level (sub-shahrestan) and "the regional deprivation indicators" were determined after more comprehensive analyses of the existing status of the various region's the level of enjoyment of the social welfare services and the infrastructural equipment. As a result 160 geographical bakhsh were recognised as deprived areas. The results failed to achieve the approval of the government and the revised version, which had been used from the more reliable geographical information and techniques, introduced 176 deprived bakhshs. This was approved by government in 1986.

The sixth stage devoted more attention to the definition of a deprived region and it was concluded that the activities for decreasing of the deprivation should be confined in four sectors; Education, Health care, Electricity and transportation. Initially the economic status of the region was analysed by evaluation of the rate of investment, banking loans, the surface under cultivation, the quality and quantity of production,..., and 212 deprived bakhsh were listed for enjoying specific governmental assistance and other supports in 1987.

The seventh stage, despite some slight changes, which have recently occurred, has mainly relied on the results of the sixth stage. It is obviously that there is a wide-range of considerable benefits for any region if it were to be recognised as deprived area, therefore there has been a great deal of challenge between the provinces in this context. However there has been a long standing controversy over either the criteria for deprivation and accuracy of local information, which in some cases was accompanied by political pressure for the declaring of the region as a deprived area⁸⁴.

5-2: The Theoretical Bases of the Study:

The simple assumption of this study is that regional imbalances have gradually been created due increasing attention to some regions at the expense of other regions, therefore, to reverse this uneven development, those regions which have been neglected in the past should receive some compensation for some time to obviate their socio-economic backwardness. It was assumed that this policy would curb the trend of migration to more developed regions in the long-term. From the inception of this study there have been several questions about the theoretical merits of this concept.

-What is the main reason behind the regional deprivation?

-How would increasing social services have effected the migration trends while the structural changes in production and income creativity of these regions continued remain neglected?

Most of the deprived areas suffer from either the lack of the intrinsic potentials for development, particularly natural resources, but also relatively from more attractive development centres. Other alternatives policies for decrease of deprivation were never examined⁸⁵ , such as the study for strengthening of the economic bases of these areas, or establishment of the functional relations between the socio-economic performance of these region and of more developed regions, etc. Basically, with respect to the overall socio-economic circumstances of Iran at the inception of these studies in the early 1980s, the theoretical bases of the study has been affected by the following issues:

Firstly, the lack of national planning activities in general, and regional development policies in particular; the study has had a simplest possible response to the sophisticated problems of the regional imbalances and social injustice.

Secondly, the policy has had considerable ability for rapid satisfaction of the deprived societies as well as its potentials for publicity and to some extent with some political impacts. However, it is obvious that this policy could not be efficient in the long-run, because the existing developed areas are developing faster than the actual momentum of reduction of the deprivation of the less developed areas⁸⁶.

5-3: The Methodological and Technical Aspects of these Studies:

In general the method of these studies has mainly been concentrated on the aim of the classification of the level of development of a wide range of small areas through weighting their existed facilities and equipments in selected contexts which could represent to some degree the level of the development of a given region⁸⁷. Due to the theoretical weakness of this policy the methodology has failed to take into account the degree of developability of the areas. In other words, it has been a methodological reason behind the theoretical bases of the study. Weighting of existing social services and some small scale rural infrastructure is much more easier than controversial issues such as measuring the virtual developability of the area⁸⁸. This would need either a great deal of geographical information and a high level of technical ability for determination of the level of developmentability. Hence the study has relied on what exists and is available, rather than tending to become what it should be in order.

Apart from this methodological tactic, that to some extent could justify its theoretical shortcomings, the study has used relatively appropriate techniques such as the "*Taxonomy*" and "*the analyses of the principal components*"⁸⁹. In addition these studies has been and still are limited to the recognition of the deprived areas. It has never attempted to formulate a more comprehensive strategy for decreasing the level of deprivation of less developed areas.

5-4: The Adaptability of the Study to the National Planning System:

One of the principal advantages of this study in comparison with other regional development studies is the existence of a direct linkage between the results of the study and the annual government's budget, therefore this relation has brought a considerable importance for these studies . This strong point has also had a negative impact on its longer period efficiencies. The limitation of time and some political pressures due to challenge between provinces, particularly during the period of the preparation of the annual budget of the government has never allowed a radical review for amelioration of its deficiencies⁹⁰. Although there is a similar relation between these studies and the medium-term national plan, it has been criticised by many of regional and national planners for the lack of medium-term policies and coherent action plans⁹¹. However, regarding the selected sectors for dealing with the deprivation of the less developed areas, the corresponding ministries should present their commitments through consideration of a special section in their medium term plan for this purpose.

5-5: The Evaluation of these Studies:

This study has collected valuable information about some aspects of socio-economic and physical development at the local level, and also has adequately examined several approaches for locational classification of coherent information. It has also been criticised for its theoretical weaknesses; for instance the definition of deprivation and also a convincing analysis of the emergence of this phenomenon, and in particular for the way of the utilisation of the development resources. In addition, it has been pointed out by some critics that the excessive breakdown of the resources to small projects would decrease the productivity of social overhead capital. Moreover, due to the lack of spatial analysis and a reliable development perspective, the ultimate impact of this policy over the socio-economic structure of the region could not be conceived.

These experiences have shown the importance and necessity of structural linkages between the regional studies and the mechanism of the allocation of the resources for more guaranteed implementation of the results of the study. However, these linkages could not ensure the theoretical, methodological and technical merits of the study.

6-The Studies for Preparation of the National Master Plan:

6-1:Background of the Studies

Since the presentation of the first stage of the Amayesh-e-Sarzamin by the RPB at the Council of the Ministers, administration of the government was started when the Ministry of Housing and Urban Development (hereafter, MHUD) stated that: the legal realm of MHUD responsibilities has been exceeded by the P.B.O⁹². The MHUD has leaned on the Law of the change of the name of the Ministry of Development and Housing. This law has stipulated the responsibility of the MHUD the preparation of *National Master Plan- "Tarh e Jame-a sarzamin"* - as follows:

In order to facilitate an even and proportionated territorialexploitation of the natural endowments and potentials, and in order to establishment of socio-economic balances between regions also curbing and guiding the trends of migrations and human settlement, in particular towards a more harmonised and co-ordinated physical development, the National Master Plan should be prepared with the following characteristics:

- a) the Master Plans and their directives will establish the basis foundation for preparation of the development programmes for any towns and urban centres located in realms of the country. These documents will be called Regional Master Plans**
- b)the Co-ordinated association of regional plans will form theNational Master Plan⁹³.**

During the period of administrative quarrel between MHUD and P.B.O,in 1980s, the MHUD in response to the P.B.O's claim about the lack of executive experience of MHUD in preparation of development plans at the regional and national levels, prepared the physical development plan for the province of Isphehan in the centre of the country. Despite the criticism of P.B.O, the MHUD announced the intention to prepare the similar plan for northern provinces of *Gilan* and *Mazandaran*, although apparently MHUD had generalised the law of the master plan to a wide range of planning activities which had some interference in the main duty of the P.B.O⁹⁴. This meant socio-economic development planning, but the experience

of Isfahan has revealed that the MHUD, in practice, has had a strong tendency towards the conventional urban physical planning in all aspects, from the literature to the theoretical and technical aspects.

Therefore, the past decade saw an endless dispute between the MUHD and P.B.O. Finally, in June 1991, the government divided the responsibility for preparation of the national plan between them. According to this division of labour, the MHUD is responsible for physical planning and P.B.O responsible for Amayesh plan. This decision proved the correctness of the P.B.O's view about the nature of the MHUD and its administrative inability to deal with the socio-economic problems. However, the MHUD's studies have been concentrated on preparation of the National Master Plan which is limited to the physical aspects of socio-economic development and consideration of some issues such as the population problems and human settlement system and environmental problems⁹⁵.

6-2: The Theoretical Bases of the Study:

It is evident that the concepts of physical planning and also the definition and spirit of the master plan, have mainly influenced the theoretical bases of this study, so it would share the similar criticism on physical planning and the function of master plans. Even if the application of physical planning had to be accepted at the local level, its generalisation to the regional or even national level should be discussed. However, here two comments should be pointed out:

Firstly, the National Master Plan should be re-defined with respect to the well-known urban and city master plans. An identical implication would not be acceptable, because the aggregate of urban areas constitute a small portion of the national land use and not only is the rural sector excluded from the studies, but the question is how and on the basis of what criteria and assumptions, can the location of countryside national projects be determined?

Secondly, although considerable quantitative analyses are presented by this study, the territorial forecasting of population has mainly calculated the external and

internal population mobility trends without any interpretation of various patterns of potential socio-economic structure for different regions. Also natural resources and other potentialities of the region have not been considered by the study⁹⁶. Further the implication of space and environment in this concept is disputable. In contrast to Amayesh, the space has as a receptacle that could receive activities without any contribution over determination of them⁹⁷. The principal reason behind this passive reaction against the economic planning could be the lack of adequate knowledge of some physical planners about the deficiencies, abilities, and shortcomings of economic planning.

6-2 and 6-3: Methodological and Technical Aspects of these Studies:

The study has used an approach similar to conventional procedures of preparation of the urban master plans⁹⁸. However, this study has enjoyed more updated physical information and also has taken initiative in relation to the application of the Geographical Information System in Iran, mainly because of the strong support of the Minister of Housing and Urban Development and the sufficient financial resources for this studies.

6-4: The Adaptability of the Study with the Conventional National Planning System:

Similar to existing urban master plans, there is no structural relation between the physical planning and national medium-term socio-economic planning. They have always been two independent flows of development planning over the years. There is no evidence which suggests any enthusiasm for making an appropriate relation between them, neither from physical planners nor by the economists.

"The physical planners are extremely being preoccupied by designing activities with less tendencies towards economic appraisal of their decisions while the economists are merely understanding the implication of decisions through quantitative appraisal with less tendencies towards geographical, spatial or physical impacts of them. Hence, the attempts for establishment a reciprocal relations between them could only be possible by the approach of Amayesh-e-sarzamin."⁹⁹

6-5: The Evaluation of the Study:

The MHUD is the secretariat of *the Supreme Assembly for Urban Development* and also performs as a supervisor for the process of preparation and evaluation of the urban master plans. Thus such studies would increase its professional insight and could improve its function concerning conducting the urbanisation process and settlement system.. There is no doubt this study cannot be sufficient for determination of regional development policies which has always been stated by MHUD. The territorial division of labour and selection of the development centres and axes require its economic concerns to be increased sufficiently. A closer contribution between Amayesh and this study will improve the results of both studies.

7- The Regional Comprehensive Development Studies:

7-1)The Background of the Study:

Since the inception of the national planning in Iran, there have been significant tendencies towards *Regional Comprehensive Development Studies* (hereafter RCDS). The *Moghan* area in the north west of the country was studied by Hawaiian Agronomies consulting engineers¹⁰⁰ during the First Plan of 1948. However, before the revolution a number of RCDS had been prepared for various provinces and regions of the country. After the revolution several factors have been involved in the growing tendencies towards the RCDS amongst the provincial P.B.Os. Firstly the marginalised regional development resources which historically have been neglected because of the oil dominance, have had a more important role, though some regional authorities exaggerate about these resources in order to obtain more support and financial resources from the centre¹⁰¹. The next difficulty appeared when some of them grasped additional resources for exploitation of these claimed potentialities. Furthermore, as an ordinary consequence of this provincial prosperity, a wide range of large and small development projects were started without an adequate economic appraisal and justification, which apparently tended to accelerate the trend of regional development. Hence this trend has increased the

governments' commitments to finishing a considerable number of unfinished local development projects. Therefore, it has been inferred that regional comprehensive studies would ameliorate shortcomings such as these¹⁰². The first regional studies after the revolution were concerned with the evaluation of the agriculture potentialities of the Jaz Mourian area which is located in the south of Kerman province when the first group for RCDS was formed in 1983. This group continued their activities by the feasibility studies of transfer of water resources of Karoun river in the south west of the country to the centrally located dry lands of the province of Yazd¹⁰³. Both studies had had clear tendencies to become regional comprehensive studies, rather than purpose-oriented regional studies, mainly due to the peculiar circumstances of the early revolutionary period in which it has been assumed that the traditional procedure of planning would change in favour of the regional planning and local development. Notwithstanding the results of these studies, many other provinces declared their willingness and readiness to carry out the RCDS for their areas. In general these studies investigate the socio-economic, cultural, and physical circumstances of the provinces in detail, and through evaluation of their present status and development potentialities in each section of the study the development policies and investment priorities are suggested by the study group. The study groups are constituted from several regional planners and sectoral experts, mostly from the central P.B.O, and usually with collaboration by some independent researchers outside of P.B.O, either from centre or province; therefore these groups have worked as informal consulting engineers for regional development and studies . Moreover the study groups have tried to establish necessary communication with the P.B.O of the planning region and also in many cases they have succeeded in absorbing the contribution of the regional planners, not only limited to the P.B.O of the province but with other experts of the province from various provincial administrative, as well as university researchers and even with experienced experts from the private sector.¹⁰⁴ Also, at different stages of study, in particular at the stage of conclusion, similarly the study groups have had the advantages of experienced experts out of the central P.B.O. The responsibilities for managing the RCDS have been divided among:

- a) the Deputy for Regional Affairs of central P.B.O; (for evaluation and admission of the proposals for RCDS and also initial approval of the results of the studies on the basis of the RPB's evaluations and technical judgement);
- b) the head of the P.B.O of the province for direct (supervision and necessary supports for proceeding of the studies and also as a representative of the central P.B.O for financing the studies)and ;
- c) the head of the study group (for RCDS as technical director and organiser of the study group).¹⁰⁵

In addition, the RPB supervise the technical aspects of the studies at certain stages within the study's process. However nearly all provincial P.B.Os, had attempted or are trying to establish a programme for RCDS for following reasons:

Firstly, such studies will invigorate the function of the P.B.O of the province within the provincial administration through improvement of their comprehensive knowledge about the provincial problems as well as alternative solutions, thus, it will enhance their performance as inter-sectoral co-ordinators at the provincial level.

Secondly, the detailed investigation of the socio-economic issues at the local level and dealing with the more tangible problems of the region is more convincing for a provincial P.B.O, rather than the generality of the nation-wide regional studies and more or less overall investigation of provincial problems at the macro level and in centre.

Thirdly, resources allocated to the study -which are considerable - can help them to overcome some of their administration's shortcomings, and;

Fourthly, this study will create an academic prestige for the P.B.O of the province and will upgrade them to the position of a regional development research centre¹⁰⁶.

At the time of this writing, nearly half of the provinces have already accomplished or are proceeding with their studies, while other provinces are justifying to the central P.B.O inception of these studies in their provinces. Despite these enthusiasms from provincial P.B.Os, for the reasons which will be discussed here, the central P.B.O has made a decision to limit the RCDS programmes until attaining an adequate system for RCDS and obviation of some existing disharmonies

in these studies. Although these studies would have a complimentary relation with Amayesh studies of the RPB, there has been a long dispute over the relationships between the RPB and the RCDS groups as well as the Amayesh and RCDS, while the provincial P.B.Os strongly support both of them.¹⁰⁷

7-2 and 7-3) The Theoretical Bases and the Methodological aspects of the Study:

Obviously the RCDS collects a great deal of information about all aspects of regional development, and also makes decisions in a wide range of various issues including policy-making, planning, budgeting, recommendations for the process of implementation and even proposals for alteration of the provincial administration. On one hand, increase in the number of the contexts, sectors and subjects of the study would create more credit for that study while in the other hand the technical merits and accuracy of the study would be jeopardised by such expansion. Undoubtedly, the orientation towards comprehensiveness, is an attractive subject, per se, and could attract much support from regional authorities. But the criteria for evaluation of the rationale, validity and feasibility of such a comprehensiveness are strongly doubtful. Several issues should be discussed here for a better understanding of the main factors which has given rise to some questions about the relationships between RCDS and Amayesh and between the RCDS groups and RPB of P.B.O:

a) applicability of explanation of the comprehensiveness?:

Firstly, the purpose behind using the term "*comprehensive*" should be clarified. It means consideration of all components that constitute the subject of study - indigenous - or it includes the major aspects, either inducing or induced by the subject of study -exogenous - or both. The main intention of comprehensiveness was never explained by the RCDS groups. For example, in Poland comprehensive planning consists of regional and sectoral planning¹⁰⁸, or in some literature it has been used when all economic branches are considered¹⁰⁹. In Iran Scetiran and RPB both have used this term and both has explained its inclusion. According to the Scetiran and RPB: The comprehensivity of the National Spatial Strategy Plan and Amayesh both had at least been - and are - limited to the economic, social and

spatial aspects of development.¹¹⁰

b) *outcome of a comprehensive approach?*: It should be mentioned that the comprehensive oriented approach for study of a subject such as development, if it be concentrated on the excessive articulation of the subject, without improvement of ability for adequate integration, would have a lesser achievement in comparison with the more limited approach with rational articulation as well as their integration of the subject matter of the study. Adequate articulation of the comprehensive studies here could be termed '*horizontal expansion*' of the study, and also the depth of the consideration in context of each articulation, termed the '*vertical expansion*', for an acceptable integration requires that there should be a rational and commensurate relation between the horizontal and vertical expansion of the study's subject. This issue could be better evaluated in terms of the methodology of study. The Scetiran and RPB both intended to achieve a synthesised concept for spatial development through investigation of selected and limited issues in each tripartite division of the subject matter of the study in social, economic and environmental contexts. Thus they had deliberately eliminated some issues of a research menu which would have jeopardised the integration of a comprehensive study. In addition, both had considered comprehensiveness as an evolutionary process which will gradually integrate throughout the main stages of the study¹¹¹. It worth mentioning that this methodological tactic of Scetiran and RPB which has strongly depended on the body of available knowledge, which would have been instrumental in shaping both means and ends of the studies, has never considered by those who criticised the Scetiran and RPB for what they have said ignoring some aspects of the study. The principal difficulty of the adopted methodology of the RCDS emanate from its theoretical foundation which has had tendencies towards the uncontrolled expansion of the contexts of the studies. Despite, an eye catching presentation of the results of the studies in several voluminous books, it is difficult to understand clearly what development strategy was suggested for the study's region at the end of the RCDS presentation. In practice the results of study could be described as a collection of the casual sectoral and regional policies for various sectors of the study which their harmonisation are seriously doubted and often could not be strongly

justified¹¹².

The failure of these studies to qualify as official planning documents is clear evidence of their insufficiencies. In effect, these studies have used an inductive approach in comparison with the deductive approach of Scetiran and RPB. Moreover, from the point of view of the applied techniques for planning, with respect to the structure of the study which has consisted of relatively independent sectors a variety of techniques for estimations and calculations in different sectors of the study have been applied.

7-4)The Applicability of the Study in National Planning Process:

The results of studies regarding the regional policies could not have been directly applicable in the national planning due to the lack of inter-regional aspect of the studies¹¹³. Also, the proposed priorities for identified provincial development projects, similarly have remained on the paper while the RCDS mainly embraces the provincial views. Not only has the consultation with sectoral authorities and chief experts been lacking, the proposed projects have not been supported by a more technical justification, for instance social and cost benefit analysis of the proposed development projects should be re-evaluated for lack of adequate assumptions¹¹⁴. However, the result of the study would become applicable for local planning if in future the preparation of such a plan should have to be decided.

7-5: The Evaluation of the Study:

There is no doubt that these studies have enough potentialities for enhancing the performance of the provincial P.B.Os, if, of course some of its shortcomings could be obviated. The principal shortcomings of these studies are nearly identical to the similar studies in other countries. For example in the late 1960s the regional development studies in U.K. were criticised for following aspects:

- "-for being descriptive rather than positive strategies;**
- for their inability to link the physical and economic aspects of regional planning;**

- for their lack of integration ¹¹⁵

In addition to these difficulties regarding the experience of Iran it should be added:

-the weakness of the evaluation of the economic function of the planning region, due to the lack of regional economic accounts and also application of the regional input-output tables;

-the neglecting the necessity of national development strategy as a reference framework for regional and spatial policies;

-an excessive articulation of the contexts of the studies and also commitment to the conventional sectoral division of economy instead of geographical division of the planning region;-the neglecting of consideration of the abilities of the non governmental resources for regional development;

-the dependency to the central planners for managing the studies and the lack of intention for increasing the self-reliance of the regional planners, and;

-the lack of devising of an appropriate mechanism for updating the regional development data and information.¹¹⁶

7-6:Conclusions:

Notwithstanding these shortcomings, the RCDS is a necessary action for improvement of the regional planning culture among the provincial authorities and also could increase the abilities of the provincial P.B.Os. However, most of the existing shortcomings could be obviated through the establishment of a nation-wide system for RCDS at the national level. The principal priority for this system, should be the introduction of a standard approach for preparation of the studies as well as a supervision mechanism for more efficient results. However a modified system has already been proposed by the RPB¹¹⁷, but it is not being implemented, mainly because sufficient authority has not been accorded to RPB; the RPB should be participating in the managing board of the RCDS as fourth partner. A significant role of these studies should be the establishment of a comprehensive system for regional development information. Finally, the relationships between these studies and Amayesh studies should be redefined. Basically, a reasonable relationship could strengthening both studies. The Amayesh should be considered as a reference

framework for these studies while it embraces the national view for long-term socio-economic role of the region and also the inter-regional relations. Meanwhile, the RCDS should be considered as a third stage and indeed, complementary studies for Amayesh in particular while it could respond to the need of detailed studies for results of Amayesh studies; i.e., feasibility studies for proposed industries by the Amayesh for the region¹¹⁸. Neither Amayesh nor RCDS, under their existing situation are properly able to be linked with the conventional national economic planning system for implementation of their results. Thus the establishment of the complementary and reciprocal relations between Amayesh and RCDS, could improve the relationship between the national planning and regional development. Moreover, the RPB should increase its support from the RCDS, in particular during the process of the approval of the results of the studies by various central and regional authorities. If the above mentioned policies are not implemented, the results of the RCDS will remain on the libraries shelves.

B-SOME CONSIDERABLE INDEPENDENT REGIONAL STUDIES IN IRAN:

In addition to the nation-wide regional development studies, there have been several efforts for regional development studies and planning at the provincial level. Among them those with some considerable theoretical, technical or organisational achievement which to some extent have influenced the application of regional planning in Iran in recent years will be briefly explained here .

B-1: The East Azarbayegan Medium-term Socio-economic Development Plan:

After the approval of the First National Plan of 1989, a series of activities was started by the *East Azarbayegan province's P.B.O* for the preparation of a medium term provincial socio-economic development plan. The main purpose of these activities was an attempt towards extraction of a provincial section from the approved national plan, through the wide contribution of the provincial administration in January 1991. Though this experience has been an independent and

self-ruled provincial initiative, it could be recognised as a first practical attempt for regionalisation of the national plan. There has been a wide range of similarity between this experience and the conventional procedure of preparation of the national plan in many aspects including: the concept, content, the procedure of preparation of the plan, and the organisational form of the system of planning; all had been inspired by the national planning system¹¹⁹. In fact that was a provincial sample of the national plan. The organisational form was constituted by sixteen sectoral planning committees and several sub-committees for each of them¹²⁰. That means, all sectoral administrations of the province had participated in the planning process under supervision of the provincial committee of planning which is enforced by the provincial P.B.O as its secretary. It was estimated that the plan would be prepared within in four months time. The justification of development policies of the First National Plan was the starting point for this experience. Meanwhile, the analysis of the provincial socio-economic status was simultaneously carried out by the sectoral committees under the supervision of the provincial P.B.O. Furthermore, on the basis of the overall strategies of the national plan, and in particular the macro-economic framework, the provincial's objective for medium-term growth of various economic sectors were suggested to the Co-ordination Committee for final approval. Finally, the provincial medium-term executive sectoral plan along with the order of priorities for the development projects was determined by the provincial sectoral committees. Although it was a self-initiative movement with no necessary co-ordination and contribution by the P.B.O's administration, in particular RPB of P.B.O, it has revealed to some extent the problems of regionalisation of the national plan in spite of the existing constraints and shortcomings.

However, the main constraint was making decisions about the national sectoral development projects, which to be determined by the sectoral authorities in Teheran. It was possible to finance the smaller local development projects from globally allocated resources for development of the province under the law of the national plan. Hence, the problem of co-ordination between centrally-determined national projects of the province and the provincially-determined local development project was revealed in early stages. On other hand, the major shortcoming was the

problem of inter-sectoral co-ordination which was inherited from the intrinsic problem of the national plan while the lack of efficient system for inter-sectoral co-ordination has led to the fashion of independent programming by the sectoral committees . In addition, other problems of the national development plan remained as problems of this experience such as: a lack of concerns about the spatial aspects of development as well as the human settlement and also urban and rural development and environmental¹²¹ .

This experience has shown the intrinsic deficiencies of the national plan as amenable to regionalisation. In addition, apart from those mentioned shortcomings and constraints, this was a first experience of the establishment of an intra-regional system for allocation of the provincial resources. Undoubtedly, to achieve more reliable results the appropriate co-ordination between the P.B.O of the province and the Central P.B.O's offices in particular, MB and RPB would have to be established in advance. Finally, such provincial efforts should consider the Amayesh results as an inter-provincial reference framework for making more reasonable development policy assumptions as well as a more efficient programming process.

B-2:The Study for Development of Eastern Axis:

The backwardness of the south east of the country and in particular the eastern axes have been a chronic and sophisticated problem, hence this area has been the subject of several regional development studies. The first time was 1957, when the Ital Consult - Italian consulting engineers - had prepared a development plan for the Second national plan of 1954¹²², and the last one is the Study for Development of Eastern Axes which was started by the RPB in 1987 simultaneously with the conclusion of the second stage of the nation-wide studies for Amayesh-e-sarzamin. The reasons behind the RPB's decision were to use the opportunity for study at the regional level which would examine some methodological concepts for the third stage of the Amayesh studies, and also for better understanding of the problems of the study at the provincial level for more efficient justification of its critical views about the RCDS¹²³.

The study has made some remarkable achievements and in contrast to many

other regional studies the results of this study and now under implementation. The major characteristics of this study are the followings:

Firstly, because of its methodology, it has used indicative inductive approach in contrast to the deductive approach of the RCDS. In fact it was a concept oriented studies which initially has concentrated to formulate a conceptual framework and adherent development policies, which had been borrowed from the results of the national Amayesh that had already been approved by the Supreme Assembly of Economic in 1986. The RPB established a joint committee for elaboration of the determined strategy for the region. This committee was formed by the representatives of the five eastern and south east provinces for formulation of inter-regionally co-ordinated the development policy alternatives. Therefore, at the preparatory phase the task of testing and modification of the main development hypotheses was accomplished by this committee. Furthermore, the study for implementation of the selected development policies was started by contribution of technical groups from provincial administration and consulting engineers.

Secondly, for the approval procedure, the RPB did convince the authorities that the implementation has an identical importance to the planning's studies , through the analyses of the previous studies for the region and also by analysing the failure of the RCDSs to achieve any form of official approval for the results of the studies. Therefore, the gradual ratification of the results of the study in several stages was considered as a part of the study's process, thus, the study has established an adequate incorporation between the research, ratification and implementation. For instance some legislative text was prepared by collaboration of the correspondent bodies of the government, such as; the laws for free-trade area and custom regulations, establishment of an especial committee for the legislation of required regularities as well as the committee for allocation of resources - both at the government's cabinet, the formation of an especial office for approval and implementation services for the results of the study, and also active contribution for establishment of the local market for especial trade-zone including; site selection, preparation of the executive plans as well as contribution for implementation of the education policies and settlement system programmes for the region.¹²⁴

This study also comprehensively has investigated all branches of economy of the region and is included the socio-cultural and environmental policies.¹²⁵

Undoubtedly this study could be evaluated as one of the successful experiences for a planned regional development in Iran for following reasons:

-the principal strategy for development of the region was derived from the national spatial development strategies of Amayesh. Moreover it examined through adequate inter-regional evaluations;

-the elaborated development policies was formulated by the joint committee of provinces for avoiding from inward-looking ;

-the study has attempted to integrate the socio-economic aspects with the spatial and physical aspects of development;

-the detailed sectoral studies was accomplished by the professional firms with a rational contribution between governmental professional staffs and private sector's experts as well as between provincial and national planners; and

-more rational relations between policy making, planning, legislation and implementation has established. Many policies suggested through this study have been implemented and also the results of implementation has been evaluated. For instance the remarkable increase in the number of the qualified students for first class universities of the country is evidence for success of the education policy-the establishment of the especial boarding school in the region for increasing the quality of native manpower¹²⁶.

Despite some promising achievements according to a critical evaluation of this plan, still there are many problems which indicates the extent of the backwardness of the region which in reality is extremely far from the optimistic vies of the plan¹²⁷.

B-3: The Study for Estimation of the Provincial Economic Accounts:

Undoubtedly, the shortage of adequate and reliable information about the economic function of the regions has been a principal obstacle for improvement of the regional economic planning in Iran. Although the task of transferring a more advanced information technology such as remote sensing system has invigorated the geographical information system, and also periodical national census plus various programmes for producing the required statistics has ameliorated the situation of the

population information, the information for evaluation of the function of the regional economic system has not been improved along with other improvement of information systems. Moreover, this shortage prevents using the regional econometrics models, hence, the improvement of the regional planning, from the view point of the economist, strongly depends on the enrichment of the regional economic accounts. This study which was started in 1987 by the P.B.O of the *Fars province*, has intended to deal with this shortcomings.

The main advantage of this study in comparison to previous experiences - Battelle (1972) and Stanford university (A long Range Energy Plan For Iran-1972) - is, that for the first time the regional economic accounts have been prepared by the "*direct method*" while formers have used the "*indirect method*"¹²⁸.

The estimation includes a period between 1974 to 1984 and an elaborated studies accomplished by Fars' P.B.O has revealed the feasibility of preparation of regional economic accounts by other provincial P.B.Os. The results of the study was published in 1990 in six volume; the syntheses, agriculture sector, mining and industry sector, service sectors, the private expenditures and investments, and public expenditures and investments.

The concept, theory and methodology of study has been described by the study group as:

"the collection of the inter-linked information which illustrate the quantitative feature of the economic activities of the region"

"the theoretical bases of this study has founded on the base of the principals and methods of the national accounts""the study region is the area of the Fars province"

"the Gross Domestic Production has been calculated by both production approach and expenditure approach"¹²⁹

The study has relatively succeeded to deal with some basic difficulties of the regional economic accounts, such as; the regional break down of the indivisible national economic activities, the regional function of those firms which have a head office outside of the province, and the problems which were derived from

the shortage of the regional information i.e., the inward and outward financial flows. Notwithstanding the elaborated study and a great deal of efforts devoted to this study, the problem of the utilisation of this study and further actions has remained unsolved¹³⁰. Three alternative solution could be considered for this problem:

- a) the generalisation of this experience to other provinces as a nation -wide system for provincial economic accounts,
- b) continuation of the study for analytical evaluation of the economic system of the region through establishment of a provincial input-output tables,
- c) examining the feasibility of application of the provincial econometrics models for preparation of an experimental regional macro economic medium -term plan.¹³¹

However, all alternatives are depended to the specification of an appropriate strategy for regional development planning in Iran and in particular to determination of the relationship between regional and national planning within a comprehensive system for development planning. The regional economic accounts would invigorate the efficiency of the regional planning but it could not be completed without spatial and physical consideration of the development process, while is mainly concerned with a large amount of figures without any spatial analysis. Particularly, the latent potentialities of the region could not be accounted through this system and it requires an complementary analyses of the economy of space and the space of economy which can improve the Amayesh-e-Sarzamin studies.

CONCLUSIONS:

Before the conclusions of this section, for understanding the real efficiency of the regional development within the national planning process planning first two completely contrast experiences of regional development in Iran has been selected for a brief explanation:

I-A Planned Regional Development of the Second National Plan of 1954:

In Iran the year 1994 has started by the submission of the Second five year socio-economic national development plan to the parliament. Ironically, the selected case for more discussion is related to the Second national development plan of 1954.

The Second plan of the 1954 had been a national plan on the basis of a regional development strategy. in contrast to the conventional procedure of preparation of a national plan, which was often started by the "*planning*", it was started by "*programming*" hence, the plan was formed from association of the "specified regional development projects and programs" which allowed the natural resources of Khuzistan region to be exploited. In theory, it had been assumed that in national plan a more developmentable region should be selected as a "leading region" for concentration of the development resources and management abilities over it, and it had also been assumed that this strategy could fully stimulate all regional development potentials, therefore, all the country will be covered through the several successive similar development plans for five macro regions¹³².

This idea was influenced by the experiments of the Tennessee Valley Authorities - TVA. Not only its distinguished planners were invited to Iran , but the idea of 5 macro regions for next 5 national plan was effected by the TVA's doctrine of regional planning, i.e.:

"President Roosevelt himself promised "seven more TVAs" in his re-election campaign of 1936."¹³³

In practice, the planning activities for this plan could be described by the following order:

- the recognition of the regional development potentialities
- the formulation of the regional development strategy
- the identification of the main development alternative projects

- the prioritisation of the development projects
- the feasibility studies and economic appraisal of the selected development projects
- the estimation of the required resources for implementation of the selected and evaluated development projects
- the consideration of other government's expenditure in other sectors and regions and finalising of the planning activities and submission of the national development plan. - the implementation of the plan under supervision of the P.B.O.

However, this concept that in which the national planning and regional development will be fairly incorporated, could be called "The Concept of Leading Region" in national development approach, and should be coined by the name of *Ebtehag*, a controversial personality of Iranian planning history, who did animate the existed P.B.O, in early 1950s. He invited *David Liliental*, who was famous for his work at the Tennessee valley development activities and his partner *Gordon Clapp*, hence, the Khuzistan development plan was prepared by their company "*Development and Resources Corporation*".

The study for Dez dam as a major project of this plan was supervised by William Voordin who designed the Tennessee valley dams, and also the technical detailed studies for various development projects was carried out by the distinguished international experts. Moreover, Ebtehag was also called the Ital Consult, those who achieved a remarkable experiences in planning activities at southern Italy - *Metzogiorno* - they asked for similar study on the development of the East and South east of the country for the next national plan.

Although Ebtehag were criticised for his excessive tendencies to the foreigner experts, the result of these attempts both the planning and implementation has been an undeniable success for the Second plan and P.B.O became the central powerful authority for national and regional development. Ebtehag, however, resigned before the end of the Second plan. However, the plan has been criticised, firstly, because of the lack of the participation of local population in the process of development:

"despite considerable technical and financial support, attempts to

initiate a self-developing process in the region and to get the local population to participate in the development project have not been successful."¹³⁴

Secondly, because of its failure to consider of the principal criteria and characteristics of the conventional macroeconomic plan.

"as far as the Second plan is concerned, to use the word Plan is somewhat misleading, as the plan was simply a list of projects on which funds, presumed to be available, were to be used."¹³⁵

Neither any econometric model was applied nor a growth rate for economy was estimated. It had not attempted to consider an economic plan's definition or characteristics , and it was Ebtehag's recognition. He had deliberately had selected this approach for development planning and has pointed out to it in his memories:

" if United States hundred years ago had this many economists they would have never succeeded so much"¹³⁶

Perhaps, for his special manner, the Ebtehag 's period has called by some analysts," the era of domination of engineers over economists in P.B.O"¹³⁷ As it has explained in the first section of this chapter, since the Third plan, the conventional procedure for preparation of the national plan was started, while the attitude of the Second Plan has never been evaluated , except a few general comment such as the following:

" the main reasons for success of the Khuzistan development plan was its comprehensiveness and appropriate authority for harmonised implementation as well as its complementary development projects"¹³⁸

Apart from the deficiencies of the Second plan in view point of the macro-economic and national economic growth planning, it had the following advantages for regional development planning and to some extent for national planning:

-establishment of a more appropriate relation between development strategy and regional reality and in particular its orientation towards unified exploitation of the regional resources. This has been substituted by the oil-depended development strategy which has had less conformity with the regional resources since the Third plan.

-its considerable inter-sectoral co-ordination particularly among the selected development programmes. This has replaced by the independent sectoral planning with less inter-sectorally co-ordination since the Third plan.

-its more reasonable programming process including; identification, feasibility studies, socio-economic cost-benefit analyses, this also has replaced by the separated sectoral programming stage with least consideration of the appropriate relations between development programmes since the Third plan.

-a reasonable unification of the policy making, planning and implementation responsibilities in the single administration and harmonised improvement of the development activities at the regional level. This has also been changed to the several independent authorities and responsibilities with less adequate co-ordination between different stages of development process¹³⁹.

However, it would be inferable by the comparison between this plan with its latter plans, that it seems, the regional development and macroeconomic growth should be considered as two principal concerns of a national planning procedure, and concentration over one of them should not bring about ignorance of another. This disputable view will be discussed in chapter 9.

II-A NON-PLANED REGIONAL DEVELOPMENT-CASE OF RAFSENJAN AREA:

An accelerated spontaneously development of rafsenjan region in last decade poses a question about the relation between the national planning and regional development. Should the regional development process be stimulated only through the national planning and intervention of government's regional planners?

Regarding all debates about regional development process in relation with the national planning which has been investigated in this chapter so far, if some

samples of spontaneous regional development are not to be considered, an adequate insight about the subject matter of this research would not be achieved. The case of accelerated regional development trend of the *Rafsanjan* area in the 1980s, is 'spontaneous' in terms of conventional planning procedure the case of regional development which has not yet adequately attracted the intellectual attention of regional development scholars in Iran. Therefore, there is not sufficient literature and information about its mechanism and function. What will be explained here, is material which has collected by individual observations and comparative studies of regional development in various regions of the country by the author of this dissertation. In particular between two areas inside the *Kerman* province, with high potentialities for development, these are '*Rafsanjan*' in the north west and '*Jiroft*' in the southern part of the province. The former could be identified as a successful case of spontaneous regional development, while the later could be a case of planned attempts at the exploitation of regional resources without a significant structural changes in the process of the development of the region. However, with respect to the lack of adequate information, all concepts which will be propounded in this part has relatively examined by self-observation in both areas , and also through the interviews by the regional planners. Undoubtedly, these concepts could be qualified as a hypotheses for more profound and detailed research in context of the regional development in Iran especially for understanding the principals of regional development process in Iran. *Jiroft* and *Rafsanjan*, are two areas with high potentials for agriculture development. Since the Second plan *Jiroft* has been the subject of development studies, first by the Ital consult in 1957 and then several sporadically case studies by the *Jiroft Development Organisation* which had been established during the Third plan in 1965¹⁴⁰ and also the case studies for development of Jazmourian area and the feasibility studies for *Jiroft's* Dam in 1980s. During this period, many development projects has been implemented. Notwithstanding, rich resources, and steady growth of production of agriculture goods and also a particular attention that has paid to the region, the general feature of the socio-economic structure of the region has not changed efficiently. The main reason behind this failure could be the lack of sufficient attention to the basic principles of regional development process with respect to the circumstances of the Iranian

society. In fact, the development efforts has been organised administratively - through the establishment of the Jiroft's development organisation - but it has not structurally been institutionalised. In addition, the dominant factor for development process has been depended to the outside of the region, hence, major portion of acquired value added return to the native land of the investors and meditators. The failure of development attempts in the region could be better understood by this fact that some areas of the region has identified as a deprived areas by the nation-wide studies for recognition of deprived areas.

In contrast to Jiroft, Rafsanjan, in north west of the Kerman has been one of the main centres of production of pistachio for many years with more or less an identical development level to other centres of the province before 1980s. Although it has neither been subjected for a major development studies nor as a location of a government's development organisation, an accelerated trends of socio-economic development has been occurred in recent years. The origin of this change could be traced by the establishment of the *Co-operative Corporation of Rafsanjan's Pistachio Producers* (hereinafter, CCRPP) in early 1980s. The CCRPP was supported by thousands of large and small producers especially by those who had not enjoyed either from an adequate facilities for marketing or possibilities for competition with major producers of the region. Therefore, the CCRPP's main policy initially was concentrated over improvement of the quality of products for increasing its exportability through standardising and adequate packing, and also a more advanced system for marketing was implemented¹⁴¹. More importantly, the CCRPP received from government a special permission for direct expenditure of any revenue which would have been achieved through the export of their production, and CCRPP has used this permission as an important instrument for laying down policies for improvement of the quantity and quality of production through importing of the required facilities and machineries and also whatever could be instrumental for upgrading the life standards of the producers¹⁴². These decisions has had a remarkable increase either in production or support of producers from CCRPP. More significantly, CCRPP saved some portion of revenue and further a new stage of evolution of the CCRPP began by investing in a series of development projects.

At the first stage, the factories and technical work shops was established in direct relation to improvement of the quality and quantity of production such as a well-equipped laboratories for standard control and research projects. The second stage was involved establishment of the complementary and by-product industries such as production of neopan and some chemical derivations from fresh pistachio. All industries have been located in an especial industrial zone which is attached to the city of Rafsanjan together with research and training activities; hence it has become a growing industrial complex and also, other industries such as production of consumption goods are developing by CCRPP in the especial industrial zone of Rafsanjan. The increase in cultivated land as well as productivity and also the growing industries and services are the conducive factors for success of CCRPP which now has become a self-governed development organisation of the region with a national function, i.e., the it is the main partner of under construction car assembly industry of Kerman¹⁴³.

The comparison between the two trends of regional development in Jiroft and Rafsanjan could suggest a hypothetical frame work of principles for regional development process in Iran as followings:

- a)the initial reason for stipulation of the regional development in Rafsanjan, has been incorporation of the production factors within a self-managed institution which has enjoyed from adequate supports of the government.**
- b)the second condition could be maintaining of the value added of production in the region.**
- c)The rational distribution of income between producers has been an important factor for increases of the support of the producers from the CCRPP.**
- d)Investment on the efficient instruments and services for improvement of the production.**
- e)Formation of necessity capital through the rational saving for investment on complementary and by-product activities as well as infrastructural and services projects.**
- f) Creation of the new jobs along with educational and research activities which has provided an appropriate circumstances for development of new industries.**

g) Evolution of CCRPP towards a real regional development organisation and contribution with national and multi-national corporation in ambitious development projects.

e) above all mentioned conditions the impact of international trade and linking to the foreign markets should be considered as the most significant factor. In particular the problem of exchange rate in Iran after the revolution has had a major role in this relation.¹⁴⁴

Although, this hypothetical frame work of principles should be examined through an adequate research program, it implies that how the conventional national planning and regional development studies have neglected substantive principles of regional development, while they have been preoccupied by the procedural planning debates and bureaucratic quarrels.

For sum, the principal condition for regional development has not been - and still is not - inevitably the regional development planning in terms of conventional procedures of planning for development. The Perroux's views about the regional growth process, would be confirmed by this experience indeed:

"Like Shumpiter, Perroux maintains that entrepreneurial innovation is a dominant factor in explaining the growth process, which takes the forms of a succession of dynamic sectors, or poles, through time."

An appropriate and rational formation of the conducive factors for regional growth could stipulate a spontaneous regional development with greater speed and wider effects rather than intervention of government planners and application of the conventional procedure of the national development planning. The regional planners should learn how efficiently the principle incentives for regional growth, could to be recognised and also under which circumstances they could be stimulated for formation of the suitable mechanism towards a steady regional development. However, this would have not merely implies that of the priority of substantial theories of regional development but indicates the place of procedural theories of regional planning for conducting spontaneous regional development mechanisms on

the basis of the national development strategies and inter-regional co-ordination through appropriate relations between regional development and national planning procedure.

Lessons from the Review of Experiences:

This review shows that, there has been a wide range of regional studies with various intentions due to different view points about the implication of regional development and planning. The following classification of these intentions will explain the major tendencies in regional planning in Iran. It should be mentioned that the following findings have mostly been concluded through the March 1991's inter-regional seminar regarding the evaluation of existed tendencies in regional planning in Iran which was held by the RPB.

a) Regional planning as optimum control of the economic performance of the region through preparation of the regional macroeconomic plan similar to national macroeconomic planning's approach. In other word, generalising of the conventional planning at the national to the regional level. The aim of this planning is specification of the optimum rate for growth of investment in different economic sectors in medium-term. Therefore, the region regional economic accounts, and regional input-output tables are the main instruments for this type of planning. This is a space-less school of thought for regional planning. The examples of these view are; the Battelle's studies, the study for estimation of the regional accounts for Fars province and the Azarbayejan's study for provincial medium term socio-economic plan.

There is no doubt that the improvement of regional economic accounts make it possible to use econometric models for estimation of the relationships among the major aggregates of regional economics. However, it should be noted that the application of an econometric model similar to the national models at the regional level could not have a similar efficiency as the national level. Apart from the lack of reliable data as well as technical problems, however, a comprehensive regional econometric model is unable to solve the problem of regional development due to

the substantial differences between regional economics and the national economics while the movement of the principal factors such as capital, labour force and, the value added in within a region could not be estimated as possible as the national level. Mainly, because of the non-existed functional boundaries for socio-economic performance of an existed region with so-called an administrative boundary. Therefore, the determination of the quantitative objectives for medium-term growth of the GDP of the region and coherent sectoral growth rates would not solve the problem of development of a given region which required specification of a wide range of certain actions for more productivity of its resources, more improved level of welfare and life standard and more participation of its population in the process of decision -making and finally a more efficient administrative apparatus for management of the process of the development of the region. Hence, the regional planning in term of regional macro-economic planning even if a feasible planning activity, would deal with a small area of regional problems. The principal difficulty of the above mentioned experiences - which could be called the economic-concentrated approach of regional planning - is the lack of sufficient attention which should be paid to the other aspects of regional development problems, while these experiences have been mainly preoccupied by the merely fiscal aspects and quantitative dimension of the trend of the regional development. In summary the valuable results of the review on these experiences are as follows:

a-1): the improvement of regional economic accounts could ameliorate the use of limited econometric models for interpretation of the relationship between the principal aggregates of the economy of region as well as providing the possibility for to some extent forecasting the future trends of it.

a-2):The comprehensive-multi-sectoral-econometric models- at the regional level, not only is not easy, but would not be either reliable and realistic due to the nature of regional problems and also the open economy of the region. Hence it costs proceeding to its possible benefits.

b)Regional planning as management of the spatial organisation of the socio-economic development activities, and achieving to the reasonable pattern of distribution of population and activities. The example of this type are the Scetiran

(early 70s to mid 70s) and the RPB's (since 1983 up to now) studies for Amayesh-e-sarzamin. The advantage of this type would be its attempts towards a comprehensive integration of various aspects of regional development such as spatial, economic, social and, cultural aspects. The disadvantage of this type of regional development planning would be, the weakness of the sufficient interpretation of the region's macroeconomic outlook. The remarkable achievements of the review on this type experiences are:

1)The comprehensive spatial planning of the region, is more commensurate to the nature of regional problems while it concern to the recognition of the classified regional development activities which either would response to the regional needs and should consider regional potentialities. In addition this type would improve the inter-regional development ties as well as the relationship between national planning and regional development.

2)The weakness of the macroeconomic analysis of this type, could be mitigated by the either a sound socio-economic cost-benefit analysis of the alternative development actions (projects and programmes) and more accurate selection of the location of the activities and adequate feasibility studies for each alternative. If these conditions reasonably to be considered, then the economic appraisal of the regional spatial plan will be possible. It worth to mention that this type has been discussed in chapter 7.

c)Regional planning for regional equilibrium and territorial justice, which merely intended to accelerate process of development of the deprived regions. The example of this type is the study for recognition of the deprived areas. The major inadequacies of this experience are; the lack of theoretical concern about the nature and mechanism of the regional deprivation and also the lack of consideration of the relationships between these regions and other regions of the country. More importantly the strategy of de-deprivation is extremely blurred, while it has assumed that the deprived region could be develop through improvement of the some infrastructural and services sector without any attempt toward strengthening of the functional relations between these regions and growth centres as well as adequate support from the economic bases of these regions. However, the relative advantage

of this view of regional planning would be its intention to do some action against the conventional procedure of national planning and its imbalance-creator nature.

The lesson from this experience could be summarised as follows:

1) The policies for regional imbalances should be formulated on the basis of a reliable interpretation of the causes and mechanisms of regional imbalances. Also the theoretical framework of the de-deprivation policies should clearly be expressed.

2) The regional balances policies should not be limited to the deprived regions independent from other regions of the country.

CONCLUSIONS:

The review of attempts at promoting the regional planning in Iran indicates the following findings:

a) the conventional system of national planning is unable to digest the regional development studies except those have had an appropriate link with the annual budgetary system of the government. The examples of this type are the 'study for recognition of the deprived regions' and the 'study for development of the Eastern Axis'. Both studies have benefited from strong political supports at the central level. In other words the success of these studies stems from a political origin rather than theoretical or technical origins.

b) the diversity of regional planning experiences indicates the lack of a generally accepted school of thought for regional planning in Iran. This stems from the behaviour of national planning system which has urged regionalists to seek various solutions for ensuring a more fruitful end for their activities. This characteristics also has had a negative effect on promotion of regional planning in Iran because the challenge between various groups of regionalist would frustrate their attempts while the central sectoralist accused them for lack of unanimous conceptual bases for regional planning.

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- 28.Ibid. 26. , op.cit, p.53.
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- 30.Personal Diary.
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CHAPTER NINE:

Conclusions and Recommendations

CHAPTER 9:

CONCLUSIONS AND RECOMMENDATIONS:

Introduction:

This chapter is divided into two sections. In section one, the summary of the research findings will be presented through recapitulation of major conclusions of previous chapters. Section two is devoted to a series of recommendations for modification of the national planning system in Iran towards a system of national planning with appropriate regional efficiencies as expected by the Constitution.

SECTION ONE:

Recapitulation of the Main Findings of the Research:

The discussion started in chapter one by the review of literature concerning regional efficiencies of the market mechanism and was followed by the explanation of the regional concerns of the national planning systems. The stage of regionalisation of the national plan selected as an action for upgrading the regional efficiencies of the national plan and one case example of regionalisation was reviewed.

It explained how regions and space have been neglected dimension in the theory and the practice of economic development. It argued that assumptions such as migration of labour and capital to profit areas has brought about an excessive simplification of the subject matter of regional distribution of activity. It explained that many analysts have argued even in a mature capitalist system with a more or less perfect model of competition, free working of the market mechanism has not often been able to overcome persistent regional disparities. In contrast it has become evident that it tends to migrate to few centres and will intensify regional disparities, thus it was concluded that market mechanism is certainly not a reliable mechanism for an even distribution of economic activities and population. Thus:

-that government intervention is inevitable for guiding the distribution of economic activities in terms of location of firms for balanced and sustainable regional

development. It inferred that even under the working of the free market mechanism regional balances should be subject to government intervention: the process of public planning should be regarded as the main area for this intervention, and the mechanism of distribution of the resources of the national plan should be regarded as the focus of the concentration. It explained that the traditional macro-economic based sectoral approach of allocation of resources should be provided with appropriate mechanisms for such control . The findings of this chapter were:

- that the free working of the market cannot secure a balanced distribution of economic activities and would lead to more intensified regional imbalances.

Therefore the *Regionalisation of the National Plan* was underlined as both necessary and complementary stage in the process of preparation of a national plan for ensuring a controlled and more even distribution of economic activities towards sustainable regional development.

Chapter two explained the strategy of research, the key questions, assumptions, hypotheses and methodology of the research. The focus was defined as an examination and evaluation of the processes and ingredients of efforts at national-regional planning. The hypotheses of research concerning the inability of the sectoral approach to accommodate the regional dimension of the national plans was posed in this chapter. Chapter two explained that '*evaluating the process of decision*' is the selected methodology of the research.

In chapter three the system of national planning in Iran and its role as the major process of allocation of resources was explained, also the PBO was introduced as a mastermind of planning activities within the government administration. The contents and overall concept of each national plan was reviewed in chapter four . In chapter five the history of struggles of the 'regionalists' for strengthening the regional dimension and the spatial aspects of the sectoralist system of allocation of national resources were reviewed, showing how the necessity of analysis of the procedure of the preparation of the national plan become inevitable. Chapter seven was devoted to this evaluation and the method of distribution of the resources under the sectoral approach of elaboration

of the plan was analysed. Analyses of the process of the preparation of the national plan confirmed the following conclusions.

CONCLUSIONS:

1) *government policies are the main origin of regional changes:*

This was explaining the role of the government's policies in formation and direction of capital and investment by both public and private sectors. The nature of an oil-based economy was implicitly mentioned as a major cause of this characteristic of the economic performance of the society, termed by some authors as the *''state-sponsored development''*¹.

2) *the planning process will bring about a vast range of regional changes:*

It explained that outside the planning system, there is no an efficient mechanism for contribution of regional-based approaches of decision-making. The regional studies and regional planning, despite continuous attempts, have never had a major effect on the conventional sectoral-based and centralised system of decision-making.

Also argued that the spatial organisation of development is a dynamic phenomenon and has been and always will be under continuous change, because any development action - whether planned or not - will create a series of spatial impacts and consequences. Therefore the planning period is the period in which significant decisions would be made for a certain period of time with a vast range of regional and spatial consequences and changes.

3) *these changes have never been and could not be accommodated by the conventional procedure of national planning;*

The following hypotheses were designed to explain this characteristics of the national planning system:

-the regional policies of the national plan, apart from their poor elucidation by the plan, have not been provided with an appropriate mechanism for their implementation.(chapter five)

-the conventional planning system is able neither to co-ordinate the inter-sectoral decisions nor to accommodate the regional changes; (chapter seven)

-the planning system prevents either the implementation of the deliberate regional policies or incorporation of the results of independent regional development planning studies into the national plan's decisions (chapter eight)

Various characteristics of the national planning system were described as the causes of the above problems:

As it was confirmed in the chapter seven:

-the national plan to be elaborated through the sectoral approach . In this approach each sector reallocates its own resources which in the first place had been allocated by the macro-economic plan;

As it was explained in chapter three and chapter seven:

-the law of planning gives the sectors some type of sectoral autonomy for this reallocation because the sectors are not obliged to accept the views outside the sector's realm.

-on the other hand as explained in chapter three the constitution has stipulated the devising of an appropriate mechanism for geographical distribution of the resources on the basis of a non-discriminating regional development;

As it was confirmed in chapter seven:

-the method of consideration of regional dimension and spatial aspects of sectoral decisions is inefficient . This was confirmed by the analysis of the process of the formulation of the sectoral development policies and the stage of the selection of development projects in chapter seven;

-the projects and the programmes of the plan gradually to be selected during the period of implementation of the plan;

As it was confirmed in chapter seven:

-the planning procedure lacks the appropriate means for inter-sectoral co-ordinations and regional co-ordination of the various sectors' decisions. It was discussed that even if sectors reach to the point at which they are able efficiently to consider the regional dimension of their decisions, the problem of co-ordination of sectoral decisions at the regional level then will remain unsolved;

4) in creating the problem several inadequate factors are of crucial significance

The research through the analyses of various aspects of the planning concluded that:

- theoretically, the concept of macro-economic planning is a space-less concept which is merely concerned with the determination of sectoral growth objectives and the resultant rate of growth of the Gross National Product;
- technically*, the national macro-economic models are unable to accept any spatial-based indices or regional variables;
- methodologically*, the sectoral approach of elaboration of the national plan lacked inter-sectoral co-ordination mechanisms;
- procedurally*, the planning system lacks adequate feedback flows among sectoral decisions; -*organisationally*, the planning apparatus lacks the bodies sufficient and efficient for co-ordinating the regional aspects of the sectoral and inter-sectoral decisions.

5) the consequences of the problem are serious:

It explained how the results of this system of planning will create several problems at both the national and the regional levels as follows:

-intensifying the regional imbalances due to:

- the marginalised regional development resources in some areas; and
- the over-utilisation of the local factor of development in some areas; and as a result:
- imbalanced national spatial organisation: uneven distribution of resources; over

congested areas; hinterland and marginalised areas.

- lower rate of the return and lower productivity of capital, due to mislocation of development projects, due to weak linkages between development projects;
- weak integration of economic spatial structure of the country;
- environmental problems;

The interpretation of the consequences of the conventional mechanism of distribution of resources. reveals how the national planning system expends considerable efforts in managing the sectoral changes before implementation of the plan. It discussed that it is more concerned with the determination of the changes in each sector in terms of rate of growth and the number of jobs at the beginning and at the end of the plan's period. In contrast the planning system neglects to consider regional distribution of these changes properly. It discussed that regional changes which would have emanated from the implementation of the plan can be understood only after the implementation of the plan. This conclusion supports the hypotheses of the research that due to the lack of a responsible body for co-ordination of the regional distribution of resources under the explained mechanism of distribution of resources in chapter seven: *the national planning efforts would bring about a haphazard and chaotic contribution to the regional development processes.*

the mechanism of regional distribution of national resources would determine the relation between national planning efforts and the processes of regional development;

The significance of the mechanism of distribution of the national plan's resources was frequently discussed in this dissertation. It argued that if the sectoral approach is the selected alternative for elaboration of the plan, this mechanism will determine the regional dimension of the elaboration of the plan. In operational terms this mechanism is in fact the method of programming of the national plan. It explained in chapter three that the conventional system originally had been inspired from the concept of PPBS - the Planning, Programming, and Budgeting System . In chapter seven it revealed that in practice Programming is a stage missing from this system. It was argued that in contrast to the Planning and Budgeting stages, the stage of

programming will gradually be completed during the implementation of the plan on the basis of the individual efforts of each sectoral agency according to the macro-economic plan and under supervision of the PBO.

7)the crucial significance of stage of Regionalisation of the National Plan:

It argued that: the regionalisation of the national plan can improve the relationships between the national planning efforts and the regional development processes. It should be regarded as an additional stage in which the conventional sectoral approach of elaboration of the national plan distributes the national plan's resources by considering appropriate regional criteria.

The research also investigated several case studies concerning with the attempts for regionalisation of the national plan in Iran. The analyses of these cases showed that they could not have succeeded in changing the chronic attitudes of the national planning system, such as relative negligence of the regional dimension of the plan.

Finally, the conventional system of planning in terms of regional planning and regional development has the following characteristics:

- in terms of regional planning, the implication of the 'region' as an independent and concrete entity has never been identified in the process of elaboration of the plan. Instead, this unity has been disintegrated due to an abstract notion of absolute space of each sector during an excessive sectoralised approach to elaboration of the national plan. In other words a unified notion of region would be divided according to the number of sectors which contribute in elaboration of the plan, each division has its own criteria and values based on an understanding of each sector from its own space. In addition the planning system has introduced neither an instrument nor a mechanism for unification and co-ordination of this disintegrated notion of region which stems from juxtaposing different sectoral senses of space - a series of abstract senses from a collection of absolute spaces;

- in terms of regional development, under the conventional planning system the Local Factors of Development, in contrast to financial resources, would not be exploited according to any plan. The system has introduced neither an instrument nor a mechanism for planned utilisation of the regional resources while each investment by sectoral decision will utilise the local resources to some extent. According to these

characteristics of planning system evidently the national planning activities are unable to accommodate the regional development processes.

Therefore the regional changes take place as non-planned processes. This indicates that the regional dimension of the conventional planning system is in contrast to the Constitution in particular to act 48:

There must be no discrimination among the various provinces with regard to the exploitation of natural resources, utilisation of public revenues, and distribution of economic activities among the various provinces and regions of the country , thereby ensuring that every region has access to the necessary capital and facilities in accordance with its needs and capacity for growth.

SECTION TWO:

RECOMMENDATIONS:

First it is necessary to explain that the following recommendations are not merely the results of this research and have not directly emanated from the previous pages. Obviously the author's individual experience and observations, in association with the views of many individuals concerning the problem of planning and regional development which seemed to him in line with his views, have contributed to form these recommendations.

In addition though the subject matter of development planning by itself would provoke one with wide range of experiences and observations to discuss various interesting subjects, due to the concerns of this dissertation will be confined to the subject matter of modifying the planning system towards improving the regional dimension of the planning efforts. Thus the recommendations will be focused on the problem of regionalisation of the national plan as a form of elaboration, while considering the regional development principles along with sectoral development criteria..

Regionalisation of the National Plan:

The dissertation started by the explanation of the fact that a national macro-

economic plan at the national level should be reduced to series of actions for the implementation of the plan's policies towards achieving the plan's objectives. Further, the dualistic nature of the planning process was described since the main component of the plan - development projects - is combined from the combination of '*an activity*' and '*a location*'. Consequently it discussed that this nature presents two alternative approaches for elaboration of the national plan: the sectoral approach and regional approach. Further, these alternatives were termed '*the sectoral elaboration of the national plan*', and '*regionalisation of the national plan*'. Now it will be discussed that these alternatives have relatively similar implications:

-on the one hand, sectoral elaboration of the national plan is involved in selection of a group of activities which eventually have some type of spatial or regional distribution though they have been chosen by sectoral criteria. Therefore, this elaboration is at the same time relatively some degree of regionalisation of the national plan.

-on the other hand, regionalisation of the national plan is also involved in selection of a group of activities which eventually can be classified according sectoral categories even though they have been selected by regional criteria. Therefore this regionalisation also is to some extent sectoral elaboration of the plan.

In other words the regionalisation of the plan is some form of elaboration of the plan by regional criteria and sectoral planning is some form of elaboration of the plan by sectoral criteria. This simply implies that the preparation of sectoral executive plans and regionalisation of the national plan are two types of elaboration of the national plan. Also it indicates that the main origin of differences between these two essentially convergent processes of elaboration of the plan is the problem of values and criteria.

TOWARDS A COMPREHENSIVE APPROACH FOR ELABORATION OF THE NATIONAL PLAN:

In chapter two concerning more efficient national planning the following question was posed:

-how and to what extent an efficient system of planning can be provided with a reasonable elaboration based on a convincing consideration of both sectoral and regional development criteria?

The major part of the dissertation is devoted to an explanation of priorities which have been given to the sectoral criteria in the conventional planning system, and the consequences of such a choice was analysed. Now the above question can be asked in another form:

-to what extent can a national plan be elaborated simultaneously under both the sectoral and the regional criteria?

The proposal which will be described below aims to present a *Comprehensive approach to Elaboration of the National Plan* (hereinafter CENP). The term "*comprehensive*" is chosen to indicate the differences of this approach from single-dimensional elaboration - i.e. sectoral or regional elaboration of the national plan - it intends to consider both '*economic development criteria*' and '*spatial development criteria*' as far as possible .The theoretical assumption behind the proposal is:

If the sectoral harmonisation of the economic performance of the society had been accepted as a reasonable subject for government intervention through macro-economic planning, the regional harmonisation also should be controlled by the government planning system.

This approach will be discussed in four areas : the theoretical, the technical, the procedural, and the organisational .

-theoretically; some authors have discussed comprehensive planning as a rational model of decision-making, and realistically have noted its limitations. Comprehensive Planning has been termed an attempt '*to maximise bounded rationality*'² while '*different dimensions of reality*' are the subject of consideration. According to the nature of the subject matter of development tripartite divisions: social, economic, and physical, have been the most commonly used approach to articulation of the comprehensivity of the planning process.³ Therefore if the multi-dimensional subject matter of development could be better managed by comprehensive planning, logically it is preferable that the national plan be elaborated through CENP approach.

-technically; traditional models of economic planning are constituted for considering

economic development criteria. They have been unable to consider spatial criteria along with these criteria. Also attempts at creation of sectoral-regional allocative models have never yet reached to a satisfactory result. Therefore an integrated model for simultaneous application of these two groups of essentially different criteria is not yet being practical. As a significant result of these facts it seems the comprehensivity can not be achieved at once. It can only be approached through frequent efforts towards consolidation between two independent approaches, - one is the conventional macro-economic planning for inter-sectoral allocation of resources, the other is national spatial development planning for inter-regional allocation of economic activities.

In fact, therefore the CENP should be achieved by incorporation of the two following independent and parallel planning flows.

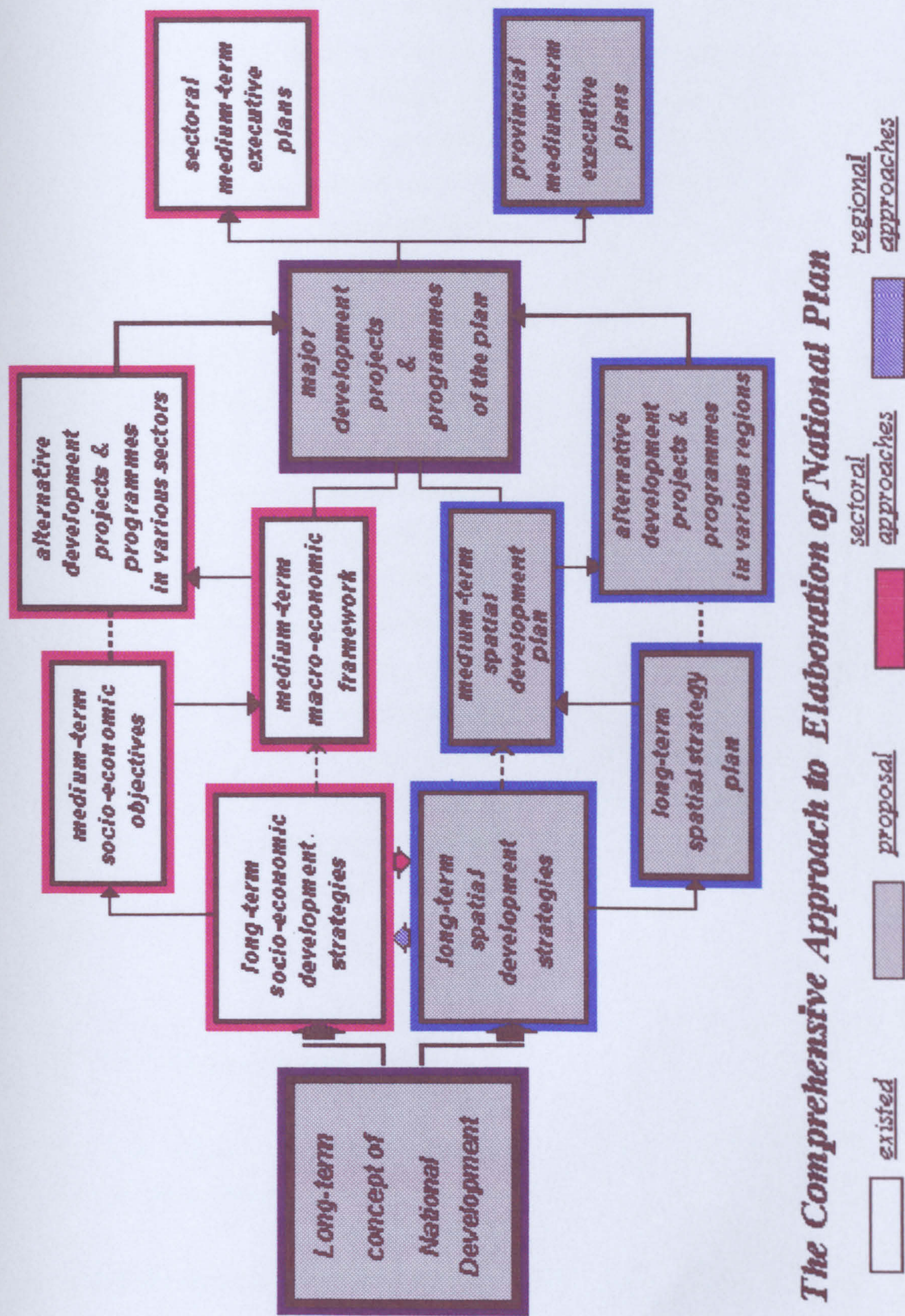
One the traditional macro-economic planning for sectoral allocation of the resources and another national spatial planning for regional distribution of resources. The former introduce the quantitative constraints, the latter will provide the process of CENP with a series of alternative contextual possibilities - development projects. The former has been adopted as a major part of the planning process in Iran, as in many other countries, in recent decades. The planning system has learnt how to use the macro-economic document as a reference framework which contains major criteria and principles for a harmonised and co-ordinated sectoral elaboration. Similarly regional elaboration of the plan also requires a reference framework which should contain major criteria for regional elaboration of the plan. This document will be explained in more detail in this chapter under the *National Long-term Amayesh Plan*.

-procedurally, the task of incorporation of these two parallel approaches to elaboration of the plan is perhaps the most significant condition for CENP. This incorporation could be achieved only by a capable dynamism of sectoral-spatial co-ordination with necessary tools for inter-sectoral and inter-regional co-ordinations. In the absence of comprehensive or two-disciplinary sectoral-regional allocative models the CENP would be achieved only through a sufficient number of attempts towards achieving an optimum combination of projects on the basis of the determined possibilities - by national spatial plan - and constraints - by macro-economic plan. This selection is like seeking for

bunches of certain elements - development projects - for number of receptacles - sectors - with determined volume and capacity. The main assumption is each element has been identified by appropriate studies and convincing appraisals. In practice this implies that development planning should be started by the regional and sectoral studies for identification and selection of the alternative development projects on the basis of both sectoral and regional development criteria. These studies in fact according to the definition and content of the document of Amayesh-e-Sarzamin is the preliminary stage of preparation of the national spatial plan. Therefore, the space between two successive national plans is the proper time for reviewing and finalising the medium-term Amayesh Plan for identification of a more acceptable combination of development projects by the sectoral and regional development principles. The process of preparation of the national plan according to this proposal starts with a traditional approach to the formulation of a macro-economic plan. After determination of the quantitative objective for growth of the GNP and sectoral growth rates, the resources will be allocated among various sectors of the economy as well as various regions of the country. The proposal for a modified CENP will be illustrated in the next page.

-organisationally, for a comprehensive elaboration of the national plan, the planning machinery should be structured on the basis of sufficient sectoral and regional bodies. IN particular main regional bodies - those with some co-ordinative and synthesising duties - should be provided with adequate authority similar to sectoral units. Also powerful and capable spatial-oriented headquarters for supervision of the regional dimension of the planning activities should be provided under the NHP, parallel to Macro-economic Bureau which traditionally has been involved in sectoral co-ordinations. In effect the NHP should be equipped by two powerful sub-headquarters for conducting the operations in sectoral and regional units. In this organisation also similar to Macro-Economic Bureau one of the official bureaus of the PBO - preferably Regional Planning Bureau or *Centre for Amayesh-e-Sarzamin* - should be appointed, who is responsible for preparation of the National long-term Amayesh Plan.

The operational implication of the regionalisation of the national plan is in fact the stage of programming as the continuation of the process of preparation of the



The Comprehensive Approach to Elaboration of National Plan

national plan. As explained in chapter seven the planning apparatus disintegrate after the elaboration of the national macro-economic plan into the sectoral plans. It explained that each sector individually selects its operational priorities in terms of the development programmes under the budgetary supervision of the PBO's counterpart department and by approval of the PBO's relevant body for integration of the plan and budget. Also at the inception of the operations for preparation of the annual budget of the government the budgetary apparatus -another periodical arrangement within the PBO - will be formed for this purpose. Although this apparatus is different from the planning one but the similarity between these two operations is, firstly, both operate through the simultaneous operations of all relevant departments, and secondly, under authorised and powerful headquarters within the administration. In contrast the stage of programming has always been operated according to the individual and non-simultaneous actions by each sector and has not been supervised by a powerful and authorised headquarters. Bearing in mind the stage of programming logically is between the planning and budgeting operations according to the PPBS system then the question that would arise is how would the consistency of the rationale of the system continue by such a change in operational and organisational modes?

This characteristic of the planning process is similar to the orchestra which at the middle of the symphony each instrument plays its own tune.

A common characteristic of these two alternative approaches is that both are concerned with selection of a group of development projects with the same mentioned characteristics: the combination of an Activity, and a Location. Therefore a desirable approach of elaboration of the national plan should have resulted from a planning apparatus with:

a)sufficient number of capable sectoral units for identification, evaluation, selection, and appraisal of the activities, and

b)sufficient number of capable regional units for consideration, integration, and co-ordination of *locations*.

-legislatively, the research reveals the incompatibility between the Constitution (1980)

and the Law of Plan and Budget (1973). The latter gives an absolute sovereignty of the sectors in contradiction with the former's spirit of equality between the regional and sectoral rights. This incompatibility has never adequately attracted the attention of the analysts.

Also the research explained another legislative problem; the interference between the Law of The Change of The Name Of the Ministry of Housing and Development (1975) in particular the definition of National Master Plan and the duties and the practice of the PBO concerning the Amayesh-e-Sarzamin. This amendment should be based upon a framework of division of labour among regional and national planning duties.

Notes and References:

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